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# West Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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23 May 1984

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## GOVERNMENT SECURITY COUNCIL FUNDS FOR PEACE CENTER WITH USSR

Copenhagen INFORMATION in Danish 30 Apr 84 p 3

[Text] Haderslev College will set up a peace academy and develop "positive initiatives in the peace movement.

The government's Security and Arms Reduction Policy Committee (SNU) will provide 140,000 kroner in start capital for a new peace move that will supposedly "create trust" which is being initiated by the Research College in Haderslev where they plan to set up a popular peace academy based on concrete cooperation with a Soviet municipality.

The Research College, which will be spending about half a million kroner a year on the project in the future, has been in touch with the Foreign Ministry in preparing an outline of the possible contours of a "concrete initiative to create trust with regard to the Soviet Union." The plan--based partly on intentions expressed at the Stockholm conference on peace and cooperation--is to establish close cultural, economic, political and professional contacts between the people in a Danish municipality, Haderslev, and a corresponding Soviet municipality to be selected by Moscow.

From "Con" to "Pro"

The point, college president Bent Jensen explained, is to create contacts between people in the same professions--between one bricklayer, teacher or midwife and another--based on the philosophy that the best way to create understanding is to provide contacts between people in the same profession. Exchange visits and joint arrangements can emerge from this foundation--all in the service of peace, according to the college president.

"One could also say that we want our initiative to contribute toward developing the peace movement away from being simply a 'con' movement, as it is to a large extent today with its focus on the purely military side of the arms buildup process. We think the peace movement should be a 'pro' movement to an equally large extent, i.e. a movement that through concrete actions makes a constructive contribution with measures that 'create trust,'" said Bent Jensen.

"Of course peace initiatives here in Haderslev are of purely symbolic value but we believe that a number of similar concrete initiatives could help break the deadlock that both the Stockholm conference and the arms reduction talks in general seem to be in.

"The philosophy is that popular actions that create trust and understanding across the divisions between the power blocs are a prerequisite for detente on the political level," said Bent Jensen whose aim is to develop the Research College into a popular peace academy.

6578

CSO: 3613/159

## PEACE RESEARCHER ANDERS BOSERUP ON LEFT WING'S NATO POLICY

Copenhagen INFORMATION in Danish 13 Apr 84 p 11

/Article by Steen V. Voigt: "A Stable Imbalance to Replace Arms Race"/

/Text/ The Social Democrats want to have a group of experts appointed to analyze the need for new defense structures in light of technological advances. INFORMATION has talked with peace- and conflict-researcher Anders Boserup concerning the security policy aspects of the new advance weapons systems and concerning the left wing's NATO policy.

The development of technologically advanced self-guided missiles will revolutionize the familiar defense systems and are on the way to making tanks, ships and planes into rolling, sailing and flying coffins.

The new systems are also the only possibility for escaping the arms race, since the technology favors a buildup of defensive protections. The goal for NATO must therefore be the building of a defense which neither rests on nor is vulnerable to nuclear weapons. This requires a decentralized defense which is independent of permanent installations such as large naval bases, airports and depots so that the enemy does not know where it should strike.

This is the view of Anders Boserup, a lecturer at the University of Copenhagen, who previously has been chairman of the Security and Disarmament Policy Committee.

He views it, therefore, as a matter of the highest priority that the Social Democrats among the 11-man group which is discussing a new defense agreement, have proposed that a group of experts should be appointed who would evaluate the significance of the new high-technology weapons systems for the Danish defense.

The group of experts should consist of both military and civilian experts and--according to the Social Democrats' Defense Policy Chairman Knud Damgaard--should analyze the need for alternatives to the existing defense system and ensure against the undertaking of catastrophically erroneous investments.

INFORMATION has asked Anders Boserup how he views the prospects for the effort of such a group of experts and what significance it should have for the current new defense acquisitions.

## New Possibilities

"I agree that at the moment it is very unwise to undertake large acquisitions of traditional heavy weapons which, after all, have a rather long lifetime."

"The reason is especially the development of high-technology weapons systems which are about to render the traditional weapons systems obsolete and whose possible uses must therefore be carefully thought through."

"The new weapons technology provides us, in my view, with a great possibility for extricating ourselves from the existing morass of the arms and nuclear weapons race, since the new technology favors a defensive strategy."

"The idea of creating security through equal burdens and balance between /offensive/ /italisized/ forces has always been an illusion. That leads only--as we have seen--to a reciprocal arms race, a terrible instability in crisis situations and an incentive to strike first."

"The basic principle should be, instead, to create two imbalances. On the one hand, our defense should clearly be stronger than the opposition's ability to attack. On the other side, our ability to attack should be clearly weaker than the opposition's defense."

"This can be accomplished for two reason: the first is that over slightly longer distances, target-seeking precision-guided missiles make it possible to spread troops out and nonetheless focus their fire power on one point. They can strike without themselves being subject to attack."

"The second ground is that with these self-guided weapons, the decisive factor is who can see the opposition first. One is vulnerable when one is visible--something which an attacker must be, but not necessarily a defender."

## Offensive Uses

/Question/ "Can the new technology also be used offensively, such as can be seen, for example, in NATO's new 'deep strike' strategies?"

/Answer/ "It is correct that the new conventional weapons also have offensive possibilities which can create an exceptionally unstable and dangerous situation which we will bitterly regret in the future."

"If NATO develops an offensive ability to strike deep inside the Soviet Union, the Soviets of course will develop the same ability, and we are back in a situation where both parties again feel defenseless. In such a situation it is certain that they again will turn to the threat of nuclear weapons."

/Question/ "Looking a little further into the future, will the 'deep strike' strategy make us more dependent upon nuclear weapons than we are now."

/Answer/ "It is of utmost importance for this reason that we collect our thoughts before we jump into hastily-conceived short-sighted methods of using the new technology."

/Question/ "How can the opposition see that the weapons will not be used offensively?"

/Answer/ "That depends on the total development of the forces of which they are a part. If for example, a self-guided missile with a radius of 100 kms is combined with many armed troops, it is clear that the missile can be used offensively. On the other hand, if the missiles are spread over a large territory without many armed troops, they can only be used against troops which attempt to invade our territory."

#### European Debate

/Question/ "How do you evaluate the possibility that these thoughts can gain credibility at the NATO level?"

/Answer/ "If they can break through in Denmark, then I think that they also can break through within NATO. Our problems are not different from those of the other NATO countries.

"For example, the German Social Democrats have progressed much further than Denmark in basic debate over future strategy and new forms of defense. A similar debate is occurring in England and Holland."

/Question/ "What significance will there be for disarmament efforts if Denmark alone establishes its defense according to the decentralized system?"

/Answer/ "one could certainly imagine various isolated steps being taken by Denmark, but I do not think that that will have any great significance.

"Danish security is dependent upon what the two alliances do and only to a limited extent upon what we ourselves do. To state it somewhat provocatively, I believe that it is more important to preach than to act."

/Question/ "Will a decentralized defense also have significance for the existing assistance agreements when there no longer is a need for large bases, ports and airfields?"

/Answer/ "I think that is one of the most important things from which to free ourselves--not because I am so afraid that foreign troops will arrive, but because it is a very weak strategy since it creates some very large areas of vulnerability. The whole idea that large numbers of troops should be transported across the Atlantic can only be defended as long as there is nothing better."

#### Dialogue

/Question/ "How do you think the Soviets will react to such a revision in strategy?"

/Answer/ "It is my impression that the Russians also are about to realize that the old classic weapons systems' time is about over. They have become incredibly expensive and too easy to be tracked and destroyed. This pertains to tanks,



planes and ships. Therefore one can certainly imagine that the forces which are causing us to re-evaluate how we should arrange our defense and security policies will also come in due time to the Soviet Union.

"It is therefore that a dialogue is so important. But I will not preclude that one can take many steps unilaterally. That will be to everyone's advantage because it will create greater stability."

/Question/ "Is it not possible that the Russians can care less that our defense is decentralized and instead bomb large cities, for example?"

/Answer/ "Yes, of course they can in the nuclear age. We must simply recognize that there is no defense against that if one believes that one can wage war by bombing cities. But one cannot accomplish anything with that."

"The idea is that we have a defense which is so strong that, quite simply, the Russians cannot march in and take the country. What will they then accomplish by threatening to bomb Paris and Bonn?"

"It is fiction to believe in nuclear blackmail. Therefore, it has never worked either."

/Question/ "Isn't the new strategy also based upon permanent armaments?"

/Answer/ "Of course one does not escape from certain modernization of the defensive systems. Total disarmament perhaps does not result but one escapes from the entire 'balance hysteria.'"

"By building security on a structure of specialized defense in narrower spheres, the balance becomes less sensitive. It thereby becomes easier to arrive at a disarmament agreement. Both parties can control their own security without weakening the other's--and without provoking countermeasures."

#### Conservatism

/Question/ "What immediate problems stand in the way?"

/Answer/ "Among other things, an enormous conservatism in the entire defense system. We must not forget that the armed forces are an extremely conservative force. Their form of organization and development of strategy and tactics become altered very slowly. Every reform is met with great resistance from established interests."

"That which provides hope is partly that the new technology is about to become mature, and partly that public opinion has been awakened and one can see that the course we have been following can lead to nothing other than catastrophe. Therefore, there is political pressure to find another solution."

"A third thing which I believe provides hope is that not only public opinion but also military circles have realized that the present strategy is self-contradictory and untenable."



## Mixed Military Solutions

/Question/ "The Social Democratic defense policy chairman, Knud Damgaard, talks about 'mixed military solution,s' where particularly the air force would take over a portion of the navy's duties. Is this a step in the direction which you advocate?"

/Answer/ "Maybe it is necessary to go in that direction even though I believe it will be sad. But the previously mentioned conservatism means that one must tread carefully.

"But I think that the navy is destined to be abolished along the way. It cannot survive on the sea. Of course we must have sea defense, but it must be land-based--decentralized, mobile and therefore quite invulnerable.

"Whether it therefore is a good idea to replace the navy with the air force, I am quite unclear. Planes are also about to become all too vulnerable--both to missiles which they themselves can carry and those which can be fired from the ground. I am not certain that this would be a good investment."

## Out of NATO

/Question/ "In POLITISK REVY you have criticized the left wing for insisting upon Danish withdrawal from NATO. Why?"

/Answer/ "Because I believe that the way to promote Danish security is to get NATO to pursue a practical policy. This is the primary consideration. There is no separate Danish solution to our security."

"The problems of the rest of Europe are also ours. If by withdrawing from NATO we contribute to causing instability and risk of war in Central Europe, one cannot assert that we have solved our problem.

"One can argue for a long time over whether there is a real threat from the Soviet Union. The most important thing is not whether the threat is real, but that many people in West Germany, for example, and including those in power, believe that the threat exists. They will be worried over losing the north flank and will be forced into a new offensive strategy just south of our border. I fail to see what that would accomplish--other than that Denmark washes its hands.

"Basically I cannot see that there is anything wrong with the Western countries resolving to stand together in the case of an attack--assuming of course that they do not establish a defense strategy which contributes to the arms race and causes fear in a potential opponent."

## Destructive

"Secondly, every national security discussion over the past 35 years has been directed toward the objective of 'for or against NATO.' This has been totally destructive for all national security evaluations here at home. The unholy

alliance between the left wing and the right wing--where both have agreed that everything should revolve around a 'yes' or a 'no' to NATO--has prevented a discussion of the real problems."

/Question/ "Do you not think that some of the resistance is due to the policy which NATO has pursued, and perhaps increasingly will pursue, against countries in the Third World, for example, the Middle East?"

/Answer/ "One can certainly conclude politically that these policies--which I also find offensive--are of such decisive importance that one would wish to withdraw. But if the question is whether a withdrawal will benefit Danish security, then I believe that the answer is 'No.'"

/Question/ "Not even through cooperation with nonaligned countries?"

/Answer/ "It is of course respectable to take the position which one finds morally most tolerable. But it is not likely that the superpowers' arms policies will in fact be influenced by the fact that Denmark joins a nonaligned bloc."

#### Dual Courses of Action

/Question/ "Does not Steen Folke (VS /Socialist Left/) argue in POLITISK REVY that the left wing should follow two courses of action--one which seeks to influence NATO's policy and the other which works toward a withdrawal."

/Answer/ "In view of the fact that the extremely polarized local debate always emphasizes withdrawal from NATO, there is nobody who listens. One may then put forward many practical views about what NATO's defense policies ought and ought not be. There is simply nobody who wants to listen because one will always be under suspicion of trying to weaken NATO."

"Therefore I do not believe that one can, with credibility, pursue these two courses of action."

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CSO: 3613/142

## CP LEADER AT CONGRESS PROPOSES EUROPEAN COMMUNISTS MEET ON ARMS

Oslo ARBEIDERBLADET in Norwegian 31 Mar 84 p 7

/Text/ The communist parties of Europe should get together in the near future for a conference at which they would discuss concrete measures that could reduce the tension in the world. That was the suggestion of Hans I. Kleven, the chairman of the Norwegian Communist Party /NKP/ when he opened the debate at the NKP's national congress in Oslo on Friday, 30 March 1984. The chairman of the NKP also demanded that work for a treaty-based nuclear-weapons-free zone in the North should be intensified, with the Norwegian authorities initiating negotiations with the other Nordic countries regarding such a treaty.

## Nordic Zone

"Finland, Sweden and now Denmark, too, are in favor of such negotiations. It just depends on Norway," Kleven said. It was expected that the NKP's national congress later in the weekend would adopt a resolution calling upon the Storting and the government to bring this matter into the foreground. The NKP chairman stated in his speech that Norway does not need NATO.

"This military power does not give us protection, it means increased danger instead," Kleven said. However, he admitted that at present no basis for leaving NATO exists among the people.

9266

CSO: 3639/103

## EDEK CONGRESS POLITICAL, ECONOMIC PLATFORMS

## Political Resolutions

Nicosia TA NEA in Greek 22 Mar 84 pp 1, 3

[Text] At this critical moment for the future of the Greek-Cypriot community, a new strategy is needed which:

1. Will take advantage of its international support.
2. Will turn towards a substantial defensive strengthening, and
3. Will fully make use of Greek solidarity and Greece's readiness to fulfill its national and legal obligations, because such a dynamic role for Greece is the only way we can change the balance and make the uneventful passage of time disadvantageous to the enemies of Cyprus.

The above is the basic message of the 4th All-Cyprus Congress of the Socialist Party-EDEK [United Democratic Union of the Center], as set forth by its chairman Vasos Lyssaridis during his meeting yesterday with the press, at which time he analyzed this political resolution and responded to questions by the journalists concerning recent developments on the Cyprus question.

The primary messages of the Socialist Party-EDEK congress concerning the national problem, as analyzed by Vasos Lyssaridis, can be summarized as follows:

The dangers of fulfillment of the Turkish objectives--that is, total occupation--are or ought to be generally perceived by now.

We are in the final stage, which leads to actions which are no longer reversible.

There is no leeway either for waiting around or for making wrong choices.

Turkey is following the line of seeking legitimization for the facts of the occupation, a line which we ourselves have subscribed to.

The strategy of appealing to the non-existent good will of the subjugator and of endless concessions has failed, since it has led to the proclamation of a separate Turkish-Cypriot state.

Turkey is hoping that once again we will turn to pointless talks which, while they will not solve the Cyprus question, will legitimize the facts of the occupation through our own acquiescence.

At this juncture the chairman of the Socialist Party-EDEK referred to the three points of the new strategy which should be followed, and he emphasized that in order for this to succeed, the unity of all the people against the occupation is needed. And he added that the Socialist Party will exert itself to the utmost to this end.

#### The Political Resolution

The 4th Congress had as participants 514 representatives and observers and 40 foreign representatives from 22 countries and international organizations.

Of the congress members, 62.84 percent are laborers and employees, while 34.01 percent are self-employed, 0.45 percent are retired, and 2.70 percent are students. Women constitute 6.76 percent.

The entire text of the political resolution of the 4th All-Cyprus Congress is as follows:

The 4th Congress of the Cyprus Socialist Party-EDEK, upon attentively studying and exhaustively discussing the documents from the Central Committee to the Congress and the speech of the chairman of the party, gives its approval to the documents and the speech of the chairman and considers them to be resolutions of this congress.

#### Mistaken Assessments

Furthermore--and on the basis of the above documents--the Congress also resolves that:

1. Some 10 years after the Turkish invasion, the danger of a legitimization of the facts of the occupation and of the fulfillment of Turkey's expansionist objectives is even greater.
2. From the very first the Socialist Party stressed that the Cyprus question is not an intercommunal dispute, but a matter of invasion, occupation, and violation of the independence of the Republic of Cyprus and of the civil and human rights of the Cypriot people.
3. In the years which have passed, the majority of the Cypriot political leadership, basing itself on mistaken assessments and unrealistic calculations, has followed a strategy which was grounded on the view that a solution to the Cyprus problem could be achieved by endless concessions to the occupying power.

If the intention of Turkey had been to achieve a viable solution to the Cyprus question, such painful concessions would have been more than enough to realize this solution a long time ago.

#### Objective of Turkey

4. The objective of Turkey is initially the legitimization of the given facts of the occupation and ultimately the total conquest of Cyprus. Thus after every concession there followed from the Turkish side the raising of a new demand.

This is the most visible and indisputable evidence of the unsoundness and lack of realism of the policy of making concessions, which had as its final upshot the announcement of a separate Turkish-Cypriot state, a protectorate of Turkey.

#### Now Is the Time

5. Thus the attitude of Turkey will change only when it understands that its expansionist plans in Cyprus cannot be realized and that the political, economic, and moral costs of persisting in this will be greater than what Turkey can tolerate.

6. Consequently now is the time for adopting the other policy, the policy of reinstatement which has not been implemented in practice, although it has been proclaimed.

This new policy is based on the fact that we will turn towards substantive negotiations only when the objectives of Turkey become unachievable.

#### How Goals Can Be Achieved

A changing of Turkey's attitude can be achieved:

(a) By the unwavering dedication and adherence of the Cypriot Republic to the principles and resolutions of the United Nations and especially to the fundamental principle in inter-governmental relations and international law that might does not make right.

(b) By a steadfast defining of the minimum prerequisites for a viable solution to the Cyprus question.

(c) By achieving a more powerful and effective patriotic unity against the occupation on the domestic front, which presupposes a respect for the rights of all citizens, an end to acts of discrimination, an irreproachable functioning of democracy, a tolerant atmosphere, and a constant pursuit of social justice.

(d) By strengthening the governmental foundation of the Cypriot Republic, the international authority of the Cypriot government, and the credibility of Cypriot policy.



(e) By continually strengthening the national economy and restructuring it in such a way as to conform to the national necessity for the struggle of our people.

(f) By taking advantage of the international solidarity and elevating it to practical action against the occupation.

(g) By an exhaustive exerting of pressures on those governments which support the policy of Turkey, and in this sector making use of Greek-Cypriot and other national or international organizations.

(h) By inviting the international labor movement to take practical measures for exerting pressure on Turkey.

(i) By campaigning for the adoption of measures to exert pressure in the direction of Turkey.

(j) By the strong defensive strengthening and the practical and full use of the people via a completely organized mechanism of national defensive mobilization.

This defensive strengthening does not consist solely in supplementing our technical equipment with respect to arms, but also in the creation of the proper atmosphere of struggle, in planning, in preparedness, and in the daily involvement of the people in a completely organized militia.

(k) By taking advantage of the Greek support. A dynamic role played by Greece can change the attitude of the major interests which are involved in the Cyprus crisis.

Those who undermine a dynamic commitment from the Greek factor undermine the struggle of our people for survival as a nation.

(l) Unfortunately, certain actions by leading political circles in Cyprus indirectly support the Turkish schemes.

#### Dangerous View

The position in favor of the commencement of talks without a withdrawing of the announcement on a separate Turkish-Cypriot state and in favor of cooperating with its public organizations constitutes an indirect recognition and legitimization of the given facts of the occupation, is the taking of initial steps towards a general recognition, and is a movement toward the final objective of Turkey, which is total occupation.

The view concerning a transition government is even more dangerous. Turkey will interrupt peaceful progress once again, the transition government will be dissolved, and by then the legitimate Cypriot government will have ceased to exist.

(m) Despite all its domestic political and economic problems, Turkey is a strong country which is located in a particularly sensitive area.



## The Role of Greece

But the importance of the geopolitical area of Greece must not be underestimated.

In the 3rd Congress we noted that the most important weapon we have at our disposal against the NATO forces is the uncertainty of whether or not we are able to disturb the already shaken southeastern wing of NATO. And the factor which proves to be the dominant one is the Greek factor.

If we have kept the Greek people properly informed and mobilized by means of the correct enlightenment, it is certain that any conflagration in Cyprus will result in the dissolution of the southeastern wing of NATO, and if any official group were to aim at becoming a passive spectator of these developments, it would be refuted by the Greek people.

With PASOK's rise to power, the significance of this factor and the opportunities for taking advantage of it are altered in a positive and dramatic fashion.

(n) Without pressures in the direction of Turkey, which can be ensured by taking advantage of the Greek factor, any forward movement is difficult.

In any case the choice is not between movement and immobility, but between an unproductive passing of the time and the positive utilization of time in a struggle to get us out of this impasse and steer the Cyprus question in the direction of a just and viable solution which can provide Cyprus with a lasting peace and its people with justice, freedom, and security.

## Famagusta is Blackmail Weapon

(o) Turkey is using the colonization of Famagusta as a primary weapon of blackmail and as a lure for securing new concessions on our part, with its "offer" to return a portion of Famagusta.

The Cyprus Socialist Party-EDEK believes that the immediate and unconditional handing over of the city of Famagusta to the United Nations for the purposes of allowing its residents to return is the least that should be done as a gesture of goodwill on the part of Turkey in repayment for the great number of Greek-Cypriot concessions.

(p) Only by taking advantage of the dynamic role of Greece can we change the balance of forces in a positive direction and open the way for a just solution.

## The Third Congress

6. In the conclusions reached at the 3rd Congress, it was stated:

"From the very beginning EDEK has been stressing the need to create a common anti-imperialist and anti-occupation front with the Turkish Cypriots. Positions which are based on geographic separation bring about

distinct paths of development, make a common front impossible, and lead to the creation of a Turkish protectorate in the north with prospects of this extending to all of Cyprus. Whereas solutions which preserve the mixing of the population contribute to common development and cooperation or competition on the basis of classless interests.

"There should not be a naive generalization of all Turkish-Cypriots to the effect that they form a classless community. Whereas there should be an intensified effort to cooperate with the masses of progressive Turkish-Cypriot workers whose essential interests are in opposition to the occupation, we must not forget that Denktas and his party represent the interests of an oligarchy under the control of the occupation, and these have every reason to favor the separation."

#### Reaffirmation

The 4th Congress reaffirms the above position and finds further:

That the Turkish Cypriot masses are living under an oppressive regime, with the hegemony of the Turkish army, the colonists, and the local representatives of Ankara.

Their true interests are being violated. Even the leaderships of progressive parties have aligned themselves either voluntarily or by force with the Gauleiter administration of Denktas and have voted for the proclamation of a separate Turkish-Cypriot state.

The interests of the working Turkish Cypriots are not served by the occupation and the separation.

We call on these people to turn to a course in opposition to the occupation, for the sake of a Cyprus which is basically independent, with territorial integrity, which is non-aligned, united, and without foreign troops and bases, in the interests of all of its inhabitants regardless of national descent or religion. The Socialist Party sends its militant salutations to the heroic persons who are now missing. It demands the immediate investigation of the fate of these missing persons.

#### Cyprus Can Save Itself

7. The Cyprus Socialist Party-EDEK demands the removal of the British bases and the return of their areas to the Republic of Cyprus.

Their retention amounts to a colonialist presence antithetical to the principles and resolutions of the United Nations, which has condemned colonialism and has sought to eliminate it.

It also demands the immediate payment of what is owed to the Republic of Cyprus.

The 4th Congress of the Cyprus Socialist Party-EDEK is fully aware of the difficulties which exist and which the mistaken policy of the government

has multiplied (concerning internationalization, defense, economic and social policy, education, the social climate, the morale of the people). But at the same time it has the firm conviction that Cyprus can save itself and that the Greek-Cypriot community can safeguard its own survival in Cyprus under conditions of freedom, democracy, peace, and security, without a state of occupation, without refugees or homeless and missing people, without foreign armies and bases. The condition for this faith becoming a reality is the consistent implementation of the Strategy of National Salvation which our party has proposed repeatedly and insistently.

The party commits itself to continuing to work with dedication and earnestness for this goal, once again setting as the paramount reason for its existence the salvation of our homeland.

Our struggle will continue until we have victory and vindication.

#### Economic Policy

Nicosia TA NEA in Greek 23 Mar 84 p 3

[Text] Upon exhaustively discussing the situation of the Cypriot economy, the 4th Congress of the Cyprus Socialist Party-EDEK finds that:

1. The philosophy on which the government's economic policy is based does not conform to the necessities imposed by the conditions for conducting the struggle opposing the occupation.

The picture presented by our economy within the last 5 years has been entirely discouraging, and this is because the government has failed to deal with the many destabilizing factors, the result being that the Cypriot economy may be entering the path of a substantial downturn.

2. In the public-finance sector, the lack of a fiscal policy has resulted in a widening to a greater and greater extent of the deficit in the public sector, which exceeded 72 million Cyprus pounds in 1983. Thus the official economic policy is oriented in parasitic directions here, and its contribution to the production of national product is low.

3. In the sector of employment, serious problems are appearing. Over an extended period of time conditions in the labor market have seen a significant worsening, resulting in a spectacular elevation of unemployment. Moreover the specter of more massive unemployment in the near future is regarded as very likely. For young professionals, the situation is tragic.

4. In the sector of foreign transactions, the widening of the imbalance in the balance of trade is continuing, with imports maintaining their fast pace of upward movement whereas in contrast our exports have shown an absolute drop for the first time since 1978. The result of this awful widening of the trade deficit has been an unprecedented increase in the deficit of current exchanges, which reached 90 million pounds in 1983. This important economic indicator, which shows the constantly increasing extent of our economy's dependence on foreign funds, pictures in the

blackest of colors the serious dangers which arise from mortgaging our economy to the foreign banking outfits.

5. As an immediate consequence of the above observation, we can see that the public foreign debt has almost quadrupled within the last 5 years, since it came to 247 million pounds in 1983 from a figure of 67 million pounds in 1978. And the servicing of this debt, which already absorbs significant amounts of foreign exchange, will encumber coming generations with an overwhelming burden.

6. The mechanism of the disposal of capital by the banking system for financing investments in preferred productive sectors and for meeting needs for working capital is not functioning effectively. And this is because the absence of implementation of an effective control system on the part of the Central Bank in channeling the credit encourages the policy of using commercial banks to finance trade and imports above all, in order to provide banking capital with an easy and certain profit to the detriment of our national economy.

7. In the sector of marketing agricultural products, an unacceptable apathy on the part of the government presents itself with respect to the establishment of agricultural products marketing councils. Moreover, with the completion of the huge southern pipeline project--which will have as a result, among other things, an increase in agricultural production--there is an even more imperative need to create marketing councils in order to stop the savage exploitation of our farmers by a few private capitalist middlemen, so that these farmers can be assured of a reliable distributing of their products and a fair compensation.

In the sector of investments, the failure of the government's policy in connection with an unbalanced and onesided granting of every possible assistance and incentives to private capital is reflected in the decrease in the total volume of investments in recent years. This fact makes it necessary that the State display a willingness to undertake direct investment activities.

9. A correctly functioning cooperative movement constitutes one of the primary foundations of a proper socio-economic system.

The improprieties, the bad administration, and the thoughtless squandering of money in this sector has led to a dangerous crisis.

The slowness in coming to a decision on the cooperative societies has cost the State many millions of pounds. The upshot of this inaction is that even viable industries show losses when they remain idle for years.

10. To a great extent the fiscal policy reflects the entire socioeconomic policy and ideological foundations of the government.

The taxation system ought to aim at a fairer redistribution of the national income and at providing the means for maintaining the State and implementing its social and economic policy.

Unfortunately, the ongoing tax evasion, which is figured to amount to some 40 million pounds per year, is forcing the State to incessantly turn to new and higher indirect taxes, which are hurting the broad masses of people and are constantly upsetting the ratio of direct to indirect taxes.

11. As a result of the government's economic policy, the prospects for the Cypriot economy for the next 5 years cannot be anything but pessimistic.

The trends, outlooks, and assessments indicate an exceptionally critical period for all of us.

The recent sweeping taxes whose target was the broad masses of people, the increases which inevitably will follow, the systematic assaults by both the government and the capitalists on the wages of the workers, the specter of unemployment, the widening of the public-finance deficit, the continuing dislodging of Cypriot products from the Cypriot market itself as well as from foreign markets, and so many other very complicated problems which our economy faces all enjoin the need for institutional changes, the socialization of vital sectors of our economy, and the decentralization of administration and planning so that we can lay strong foundations for a self-sufficient development, a just distribution of the national income and of the financial burdens, social justice, and progress.

12. The above findings dictate the taking of specific measures, such as

- a) The creation of the requisite infrastructure projects for the development of industries having an exporting orientation.
- b) The taking of immediate drastic measures to provide protection in the domestic market for industrial and agricultural-stockbreeding products.
- c) Direct control over the banking system for the sake of financing developmental sectors of our economy and avoiding the financing of the parasitic commission-agent's business.
- d) The protection of the consumers, especially low-income classes, from speculative elements.
- e) The democratization and socialization of the operation of the cooperative movement, and the substantive participation of the members of cooperatives in the administration of this movement.
- f) The creation of agricultural products marketing councils in order to stop the savage exploitation of the growers and in order to take advantage of all the opportunities in foreign markets.
- g) The Congress subscribes to the positions which were advanced in the platform for the 1983 presidential elections.

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CSO: 3521/230



## BARLAS ADMONISHES WASHINGTON FOR 'MISTAKE' ON CYPRUS

Istanbul MILLIYET in Turkish 24 Apr 84 p 1

[Article by Mehmet Barlas]

[Text] The United States does not know the difference between being the leader of an alliance and dressing up in the role of judge and gendarme to solve international disputes.

We can give the latest example of this by citing the reaction of the American secretary of state to the establishment of diplomatic relations between Turkey and the Turkish Cypriot Republic.

As is known, the American Senate foreign relations subcommittee had previously reached a decision to make aid to Turkey conditional upon the return of Varosia.

This time, too, the spokesman for the US Department of the Secretary of State, saying that the exchange of ambassadors by Turkey and the Turkish Cypriot Republic would create anxiety, criticized this move.

Certainly, each nation takes a position in the face of the various incidents that occur in the world. For example, we do not believe in the least that Turkey deems the policy pursued by Washington in Central and Latin America to be correct. Its power policy in regard to Nicaragua neither conforms with the law of the United Nations nor the principle of noninterference in a nation's domestic affairs.

Likewise, the American military buildup in the Mediterranean and the threats directed toward Libya from time to time are not actions that are approved.

If Turkey had criticized, at every opportunity and through its official spokesmen, each misstep in American foreign policy, extreme coldness in Ankara-Washington relations would have reigned supreme.

And, if Turkey had behaved as Greek Prime Minister Papandreou does, had engaged in political flirtation with the eastern bloc, and had used this as a trump card to increase the rental fees for American military bases in Turkey, Ankara-Washington relations would certainly have become unpleasant.

However, those who sit in Washington are making decisions without thinking about this at all and are making statements critical of Turkey.

The two communities on Cyprus have been unable to live together in peace.

There is no nation in the Middle East in which two distinct communities live in peace. This is obvious in Lebanon.

America sent troops to this nation with the hope of ensuring the indivisibility of the Lebanese state and, in the end, found that the solution was to withdraw.

The most healthy solution on Cyprus was the creation of the Denktas administration. Turkey's support of this is both natural and correct.

Does America, which is helplessly witnessing the partition and takeover of Lebanon by Syria and Israel, now wish Cyprus, too, to be dragged into battle?

Is Turkey a Nicaragua which should be subjected to an attempt to employ force to attain an end?

We urge those in Washington to use reason.

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## SDP CONGRESS TO VOTE LEADERSHIP CHANGES

Copenhagen BERLINGSKE TIDENDE in Danish 25 Apr 84 p 3

[Article by Dan Axél: "Social Democratic Party Making Changes at the Top"]

[Text] Tove Smidth is thinking over her job as organizing vice-chairman, and Party Secretary Hovgaard Christiansen is not running again. A special business leader's post will perhaps be established, which can be occupied by Knud Heinesen.

The Social Democratic Party apparatus is to elect a new organization leadership at its congress in September.

Present Party Secretary Ejner Hovgaard Christiansen is leaving his post after 13 years of work, even if he is not elected to the EC Parliament in June. And at the same time Tove Smidth, who is organizing vice-chairman, is considering leaving her post after only one year.

"It is certainly possible for some time to be Social Democratic vice-chairman and have a full-time job, but now I want to consider whether this combination can last for the long term," Tove Smidth says, who is a journalist with Danmarks Radio [Radio Denmark].

Last year Tove Smidth resigned her mayor's seat in Gladsaxe in order to return to DR [Radio Denmark], so it came as a big surprise when at the Social Democratic congress a good half year ago she was elected vice-chairman after Inge Fischer Møller.

The Social Democratic Party's political vice-chairman, former Finance Minister Knud Heinesen, is expected to continue in his post, unless the party totally changes the structure of the top leadership.

It is reported that it is being considered whether to establish a new top post of business leader of the Social Democratic Party--an influential post which Knud Heinesen would be a natural for. How the "party hierarchy" will look under a business leader has not yet been clarified.

The changes at the top of the party are to be confirmed at the Social Democratic Party's congress, which will take place in the middle of September.

## INCREASING NUMBERS OF WORKERS OPPOSE UNION FUNDS TO SDP

Copenhagen BERLINGSKE TIDENDE in Danish 25 Apr 84 p 9

[Article by Solveig Rødsgaard: "This Is Why Workers Oppose Supporting the Social Democratic Party"]

[Text] Both wage and salary earners have difficulty accepting the labor unions' political contributions to the Social Democratic Party, researcher, Lecturer Hans Jørgen Nielsen believes.

Fewer and fewer workers are Social Democrats and fewer and fewer among the growing ranks of salaried employees. This is the main reason for the growing dissatisfaction among labor union members over compulsory party support for the Social Democratic Party.

This is the opinion of a lecturer at Copenhagen University's Social Studies Institute, Candidate of Political Science Hans Jørgen Nielsen. He also believes that the problem has been smoldering for a long time, and that the Social Democratic Party is losing to both the left and right.

"The very idea of being a member of a labor union is generally broadly accepted. We have, for example, had some questions about resigning membership in a trade union if it were possible to do so without losing one's job, and there are not very many who will do this. The cause of the problem is the general opinion that trade unions have too much political power. But more specifically, there are also problems with the fact that people have difficulty accepting the fact that labor unions make political contributions. This is true both of wage and salary earners, within labor unions, too."

"And then there are, besides, big problems with gaining acceptance of the very principle of exclusive arrangements, which are unpopular among the entire population, and also with LO [Danish Federation of Trade Unions] members."

"As far as political contributions are concerned, it can be said that as long as 80 percent of all labor union members were Social Democrats, then it was almost a theoretical question. For the support was given anyway to the party which was best liked. But over a period of 20 to 30 years the situation has occurred among workers that they are not so Social Democratic any more. They have gone from 80 percent Social Democrats to 50 to 60 percent, fluctuating a

little from one election to another. So there are getting to be more and more, even among wage earners, for whom it is becoming a real question whether they will give money to a party they do not like. Therefore, it can be assumed that these problems, compared with the 50's and 60's, will pop up more and more."

### Supply of Parties

[Question] What is the reason that there has been a drop in the number of Social Democratic labor union members?

[Answer] "The supply of parties has become larger for wage earners and landslides have taken place both to the left and right. Social mobility, the ability to change around, has become greater and greater; although your father is a wage earner, you can become a salary earner, and vice-versa. That the party press has disappeared also comes into play. The old closed party circles and wage earner circles have been opened up tremendously."

"No, I do not think the trend will continue. For I think that most of it has already happened. It is closed and shut. But there is another development in progress, and it is just as important: If we look at wage earners, in LO's membership, in the old days they were workers, and they have, then, become less Social Democratic. But now gradually lots of salary earners have been added. The doubling which has taken place in the number of salary earners also plays a role. Salary earners are not as a matter of course non-socialist. For example, teacher's assistants belong to the left wing. But they are much less Social Democratic than workers are. And if this group grows, it can again become a bigger and bigger problem, without my wanting to say, however, that the whole thing will explode."

"And the party that is suffering most is the Social Democratic Party, because people are deserting, so to speak, to both sides. In the Rødding conflict it was the left-wing people who were sore about giving to the Social Democratic Party. But the case of the State-employed HK'ers [members of the Union of Retail Business and Clerical Workers] in Copenhagen was in the opposite direction; they wanted to have contributions for all labor parties. So no matter whether it is from one side or the other it is the Social Democratic Party that is in difficulty."

### The Non-Socialists

[Question] Has it been of any relevant significance that a non-socialist government has been in power for a year and a half now?

[Answer] "No, I do not think so. Not beyond the fact that the government has managed well in the people's opinion. I rather believe that this business of membership resistance in the labor unions is something which has been smoldering for a long time. That it is coming forth now and not in 1979 or 1981 I really believe is a coincidence. The fact that people do not like party contributions and that at the same time there are getting to be fewer Social Democrats is a basic problem."

"But there is of course also the fact that it will be interesting to see how the non-socialist parties will handle the problem. For they of course also get money. So for this reason it is exciting to see how far the Liberal Party and Conservative Party will really go."

## SCHLUTER DISCUSSES NATO, WAGE PACT OUTLOOK, COALITION STRENGTH

Copenhagen BERLINGSKE TIDENDE in Danish 29 Apr 84 p 8

[Interview with Prime Minister Poul Schluter by Solveig Rodsgaard; date and place not given]

[Text] Prime Minister Poul Schluter foresees that the contract decision this time will be as easy as it was last time and says that the suspension of the cost-of-living adjustment was intended to clear the decks prior to the negotiations. And the prime minister would not rule out the possibility of an election over security policy, which will come up for debate next week.

The government does not want to retain the suspension of the cost-of-living adjustment just to provoke the labor factions, but to clear the decks before the contract talks are held and to establish the main lines for public spending in 1985.

Prime Minister Poul Schluter made that clear. The prime minister also said that relations between the unions and the government are relaxed, "one could call it an armed neutrality," because the union movement is well aware that the Social Democrats are unable to pursue the necessary policy.

And even though the new economic compromise with the Radical Liberals means suspension of the cost-of-living adjustment and provides a 2-percent wage limit, the prime minister expects it to be as easy to get a contract agreement this time as it was last time.

[Schluter] I feel that everything points in that direction. I base this on the following: suspension of the cost-of-living adjustment in the current contract period has guaranteed a sensible income policy and lower public spending in vital areas than would otherwise have been the case. When

we talk of suspending the cost-of-living arrangement it might be better if we called it a freeze on indexing. Because the cost-of-living system has been suspended on the private and public labor market, we have been able to limit public spending substantially and that has made a strong contribution to lower inflation, including price inflation, providing a basis for the strong exchange rate of the krone.

#### Not a Provocation

And who really believes that the cost-of-living adjustment will be suspended in future years too? Even in prominent union circles, many were saying quite recently that of course an elimination of the cost-of-living adjustment would not be repeated. When we bring it up, it is not to be provocative, it is to clear the decks in view of the coming negotiations between those involved in the labor market. It is possible that they could have discussed this subject themselves, but there is one thing they could not do: they could not settle it now. The reason why I and my colleagues in the government want to clear up the question of the cost-of-living adjustment now is that we want to establish the major lines for public spending in 1985 and it makes a decisive difference in this context whether we have cost-of-living adjustments or not.

[Question] Isn't this an overoptimistic view to have of the contract negotiations? The Social Democrats and the union movement will work closely together and the Social Democrats are opposed to the compromise that has just been made.

[Answer] Yes, but I do not think that is true of the rank and file of LO [Danish Federation of Trade Unions] members or the broad groups of public employees. Some organization leaders have indicated that they would rather have negotiated the question of cost-of-living adjustments themselves. But that is strange when we all know that it is completely inconceivable that this would have been introduced. And does the Social Democratic criticism really mean that we can assume that if we had a Social Democratic government it would have supported a restoration of the cost-of-living adjustment? I do not believe so.

#### Government's Popularity

[Question] How do you reconcile the optimism you display with the recent Gallup poll that showed a drop of 9 percent in the government's popularity?

[Answer] That poll was an extremely pleasant surprise for me. I would hardly have dared hope for it--that 34 percent of the people still think the government has done a really good job. At the end of the time Anker Jorgensen was head of the Social Democratic government, only 7 percent of the population thought he was doing a good job. But even so--I am not overlooking the fact that a while ago we were up to 43 percent. The figures are not exactly sky-high and I am aware that at this time, when we have had the four-party government for a year and a half, we are well into the phase in



which people are tempted to say that "the government should not be over-protected against criticism." The joy and perhaps somewhat improved existence of the first year and a half have become commonplace. And we have been prepared for this for quite a while.

I would not for a minute hide the fact that I put a lot of emphasis on keeping the government alive during the entire election period. Now at last we should have a 4-year period in which there is peace on the political scene, in which there is stability, in which it is possible to plan an economic policy that will continue from the first day to the last. The spring compromise also expresses this. When we bring it up now it is in order to make decisions in good time. It has been a bad habit in Danish politics for many years that decisions have been made 2 years too late as a rule. Now we are trying to deal with them a year ahead of time, precisely in order to provide stability and a reason to believe that there is firmness and cohesion in the government's policy. I would like to say that the reason we have governments is so they will govern. When one governs one must have courage and daring and one must be able to tolerate some criticism. But I am firmly convinced that we are doing the right thing.

Energy

[Question] Is it part of the government's image that it will act straightforwardly and try to show that it can get something done?

[Answer] Yes it is and we have needed this for many years.

[Question] Are we coming closer to the "strong man"?

[Answer] No. But hopefully we are approaching the point where the public is justified in regarding the government as bursting with energy and daring, not as sitting around and saying, "well we will just have to wait and see how things turn out, we must hear what all the organizations have to say and then plan our policy afterward." We are doing the opposite and that is our duty and our right. If people get the impression that we are still full of the energy the four-party government showed so clearly when it started out, then I will be quite satisfied. The important thing is that the government should take the lead. It is the government that should organize the course of developments, instead of developments putting pressure on the government.

If the Social Democrats had continued to run the government, Denmark would not at this moment have come so long and so surely on the way to healing its economic problems. The Social Democrats are unable to pursue the necessary policy and I also think that is the background for the relaxed relations between union members and the government. One could call it armed neutrality. Union members are now seeing that the policy the government was able to implement has led to results.

But we must not give up halfway, as we Danes have a tendency to do. As soon as things start to get better, we shout hurrah--and that is fine. And then

we say that now it is time to end the austerity policy. But that would be a terrible shame. First we must get through the problems, get people employed, get new firms, have old firms getting along better. We must be a prosperous country again. I would rather have been prime minister 10 or 15 years ago when I could have taken the lead in building new universities and spending a lot of money on making new social progress. But it is my lot to present the bills that were actually written out while the Social Democrats were responsible for the government, a responsibility they abused.

#### Security Policy

[Question] But economics is not everything--in the coming week there will be one more inquiry in Folketing where security policy will again be pursued outside the government. Is it possible that the government would call an election on the basis of security policy?

[Answer] I would be very reluctant to do so. For that would mean a total breakdown of the old and valuable cooperation on essential features of foreign and security policy. But unfortunately the Social Democrats, SF [Socialist People's Party], the Radical Liberals and VS [Left-Socialist Party] still had a majority after the election on 10 January and this will inevitably color the elements of foreign and security policy. The Radical Liberals should not be reproached so much, since there is something credible about a party that has the same views as it had 10 years ago. The surprising thing is that the Social Democrats have moved so far in the direction of an alliance with SF and VS. They still say they support NATO and we certainly ought to be grateful for that. But there is a limit to how far one should go toward shirking NATO solidarity and the trusting cooperation in which people take each other into consideration without this having important consequences for the membership itself.

NATO membership is based on the principle of one for all and all for one. NATO has a strategy that is based on our stabilizing each other's situation, which includes threatening developments. Denmark has agreements with other NATO countries on reinforcements. But if these reinforcement plans are to be realistic, we must also agree on the overall features of the NATO strategy as a whole. And here we must be careful not to endanger the real security that lies in NATO membership through dramatic, populist resolutions and other declarations.

[Question] Can we conclude that the government puts more emphasis on restoring the economy than on maintaining credible NATO membership since you do not want to call an election over security policy?

[Answer] We put equal stress on both things. But the seats were just divided up a short time ago. And I think one should do a lot to avoid an election over foreign and security policy. I am not saying that--regardless of what happens--the government will just take what comes. Now we must see how far the Social Democrats will go. I appeal to them very strongly not to destroy the cooperation with the government parties or ruin the



cooperation with our partners in NATO. I am hoping for a resolution that is so moderate that while it is a political statement, of course, it will be of a kind that will not create insurmountable problems for Denmark in relation to the group of NATO partners.

[Question] And will that happen if the resolution contains provisions that there should be no nuclear weapons on Danish soil in wartime?

[Answer] I do not think the resolution will contain such an unconditional statement without any reservations.

#### Government Cooperation

[Question] Government cooperation--other parties are accusing you of having internal differences and charge that the finance minister is abandoning Danish politics. Can you deny that these difficulties exist without blushing?

[Answer] I can suggest without blushing that this government still has far fewer disagreements than there usually were in Social Democratic governments and there was only one party involved in them.

Of course I regret that the finance minister wants to leave the government and move into an important international post. For the cooperation between Henning Christophersen and me was exemplary. It has been very beneficial for the government and for the course of national developments that we have had such relaxed and friendly relations. But the finance minister has laid down a pattern that his successor should be able to continue working with without difficulty. After we regroup, the government will continue as a unified entity, just as it did when we started out.

#### Conservative Crown Prince

[Question] And the question your predecessor in this office almost always heard. Anker Jorgensen has many crown princes, but your problem is that you don't really have any at all at the moment.

[Answer] On the contrary. There are many people who are capable, talented, energetic and well-qualified and a lot of new members were added in the last election. Now they need a chance to develop. I have my eye on some for whom I have high hopes. There is an entirely different reason why people do not talk about succession problems in the Conservative Party. It is that there are no indications that I will resign from Danish politics for many years to come.

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CSO: 3613/159

## BRIEFS

ISLAND'S FIRST DAILY NEWSPAPER--Greenland's biggest town, Nuuk (Godthab), with 10,000 inhabitants, got its first daily paper Tuesday. NUUK ULLUMI (Nuuk Today) will come out four times a week in an edition of 2500 copies for the time being. Behind the publication is the islandwide weekly paper, ATUAGAGDLIUTIT/GRONLANDSPOSTEN (AG) which together with its competitor, SERMITSIAQ, constitutes the entire printed islandwide Greenland press. NUUK ULLUMI is eight pages long and in contrast to the two weekly papers also reports news from the world outside Greenland. The articles are in both Danish and Greenlandic. The new daily paper will not come out on Wednesday and Friday, the publication days for AG and SERMITSIAQ. One of the top stories in the first issue of NUUK ULLUMI was that starting 1 January 1985 Greenland will no longer have a regular Danish passport. At that time a special EC passport will be introduced in Denmark. But since Greenland will be withdrawing from EC on the same date, Greenlanders will have to have a special passport. A problem that has not yet been solved in this context is what kind of passport will be issued to Danes who are sent to work in Greenland on a temporary basis, Foreign Ministry office manager Henning Rode told the paper. For several years people living on the Faeroes have had a special Faeroese passport. [Text] [Copenhagen LAND OG FOLK in Danish 2 May 84 p 3] 6578

CSO: 3613/159

## SDP SECRETARY LIIKANEN CONTRASTS SOVIET TIES, NEUTRALITY

Helsinki HUFVUDSTADSBLADET in Swedish 6 Apr 84 p 7

[Text] Party secretary Erkki Liikanen maintained yesterday in Studio A's foreign policy debate that the VSB [Friendship, Cooperation and Mutual Assistance] Pact regulates Finnish-Soviet security interests and that the policy of neutrality applies to foreign policy outside this area. Neither Liikanen nor director Max Jakobsson, who spoke of a natural tension between Finland and the Soviet Union with reference to neutrality, saw any conflict in this context.

On the basis of HUFVUDSTADSBLADET's interviews with Foreign Minister Paavo Vayrynen and Erkki Liikanen, Studio A interviewed Professor Krister Stahlberg and licentiate Steve Lindberg yesterday and arranged a studio discussion between Liikanen and Jakobsson. Neither one thought the concept of symmetry belonged in the foreign policy context.

Stahlberg charged that President Koivisto's lack of widespread personal Soviet contacts caused him to deal only safe cards. According to Stahlberg, Koivisto has stressed friendship at the expense of the neutrality policy and he has allowed the "healing role" to yield. He summed up his impression in the words "a few lines to the east."

Lindberg professed to see a partial return to Paasikivi's period as president.

Liikanen's comments were straightforward. Koivisto has stressed both neighborly relations and the neutrality policy. He did not see any shift.

Jakobsson considered it superficial to get hung up on semantics and did not believe in "any important changes." But Jakobsson did think that "there could be differences in nuances." However according to him nothing had occurred in Koivisto's term that would put neutrality to the test.

#### Money in the Bank

In the UN vote on Grenada, Finland chose the easiest route that aroused the least attention, according to Jakobsson. But he did think that we could

have chosen another course of action. According to Jakobsson voting differently would have had consequences "similar to putting money in the bank for the future." He placed the greatest weight on the consequences.

When the discussion dealt with definitions of neutrality at various times, Jakobsson said that the Soviet Union has a "clear need to stress VSB" while Finland has a "natural need to stress neutrality." But this has not led to conflicts even in practice, according to Jakobsson.

Liikanen maintained that the VSB Pact applies to Finnish-Soviet security interests and the neutrality policy applies to foreign policy "outside this sphere."

In an interview with the Abo researchers, Stahlberg said that in Kekkonen's time the scale tipped a trifle in the direction of friendship at the expense of neutrality but that friendship is stressed even more now.

He took up a statement Liikanen made in HUFVUDSTADSBLADET to the effect that Finland is aware that its defense of its independence depends on good relations with its neighbors. Vayrynen spoke again in HUFVUDSTADSBLADET of defending ourselves in all directions.

Wreck

Liikanen's comment was that Finland and the Soviet Union decided once and for all not to become involved in a war in which they would be on opposite sides. Such a situation would "wreck the present policy." Therefore he did not wish to engage in speculation.

For his part Jakobsson found it self-evident that Finland would defend itself against attacks from any quarter.

When Liikanen and Jakobsson discussed the current international situation they took somewhat different positions. While Jakobsson stressed stability in Europe and believed that negotiations would resume after the U.S. presidential election, Liikanen stressed the tension in relations between the superpowers, although he hoped that progress would be made.

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CSO: 3650/171

## SORSA INCREASINGLY CONFIDENT AFTER RECENT POLITICAL SUCCESS

Helsinki HUFVUDSTADSBLADET in Swedish 1 Apr 84 p 13

[Commentary by Larserik Haggman]

[Text] Kalevi Sorsa's four-party government now has a budget, a historic agricultural policy agreement and an overall income policy settlement behind it without a single serious rupture. And at least for a while yet the government can count on getting a boost from a surprisingly strong market upswing. At the same time the opposition's opinion poll figures are heading downward.

Although the government base, which most observers would have called impossible just a few years ago, contains some latent tensions it has only been threatened once and that was because the Social Democrats misjudged the situation, as Kalevi Sorsa said later.

After a successful income policy round that "is a feat that could arouse international attention," the prime minister can afford to talk about a mistaken analysis. This apparently involved an interpretation of the non-socialist government parties' nine-point program at the beginning of the year as an indication that the nonsocialist majority was now really planning to start running things. "We could never have accepted that," Sorsa has explained. And he added that it later turned out to be a question of trying to link FLP [Rural Party] with the middle parties.

Whether SDP [Social Democratic Party] misjudged the situation or found it expedient to use it tactically to its own advantage, the fledgling crisis sprang from the government's built-in element of tension.

#### No Alternative

All observers agree that both the strengths and the weaknesses of the present constellation are based on the balance of strength between CP [Center Party] and SDP and the Solomonic solution of the problem represented by the FLP's government cooperation. The strength is seen as lying in the fact that the government could not have come about without FLP and that there was no alternative. This was because SDP refused to accept a nonsocialist majority

if the government's nonsocialist support in parliament was smaller than its support from the left. And the Center Party refused to accept a leftist majority in the government when the parliamentary majority is nonsocialist.

The result of the constellation after the government formation was expected in some quarters to be a fight between SDP and CP for FLP's hand in various contexts, despite the CP and FLP declaration of a nonsocialist government majority, a declaration that SFP [Swedish People's Party] never signed. But that is not what happened.

#### Lower FLP Profile

Unanimous reports from the government indicate that the Finnish Rural Party's ministers have still not raised their profile even once. At the same time a good deal of the once quite heated propaganda outside the government has faded away. But a certain kind of balancing act within the government can be observed, mostly in the shape of distinct caution on the part of Pekka Vennamo in all situations that would publicly associate FLP more closely with CP.

The only time the Center leadership succeeded in doing this was in connection with the nine-point declaration which came just before the income policy round and also contained a stand on income supports for the unemployed. It was this particular point that made it possible for SDP to profile itself as capable of running the country and to emphasize the irresponsibility of the nonsocialist action. The government must be held together and combat inflation, SDP sources said.

#### Center Tactic?

Several observers noted later that prior to the move which came the day after an agreement was reached on a joint study of the government program, the Center leadership really only meant to solve the drawn-out dispute over home care for children. But the move strained Kalevi Sorsa's patience and further exacerbated the personal relations between him and Paavo Vayrynen.

The working group of party secretaries that was set up later really did not work on anything but home care and this would strengthen the impression of Center tactics. This was judged afterward as grabbing at a chance of getting something for their own supporters since the income policy is after all primarily a matter that lies between SDP and the employers.

SDP's emphasis on income policy in both the union and the political sectors dominated events so completely that the other government parties almost looked like extras.

#### Resignation Threat

After the central union organization presented its threat of a general strike and clearly emphasized its preoccupation with so-called qualitative issues,



things got even tighter in the government for a while when the Center tried to put a stamp on the income supplement issue, but the prime minister's declaration that the government would resign if it did not handle its part of the settlement meant that Matti Pekkanen dictated the contents right up to the last government revision. But then it was no longer a matter of basic principles but primarily of toning down geographic mobility.

But in the final stage the prime minister took responsibility for a politically sensitive issue of importance--strike fines. To insure this arrangement in SDP's FFC [Central Federation of Labor Unions] branch, the issue was uncoupled from the central offer and Kalevi Sorsa acted as guarantor for the increase, something that is still causing problems in the SDP parliamentary group. The prime minister had to give very clear information to central union leader Pentti Viinanen about the government policy consequences before a final consent could be wrung out of him.

Sorsa and Palme

When the rest of the central leadership except for Akava backed Pekkanen's settlement and the national economic consequences of the whole thing started to become clear, it was time for the prime minister to talk about an international example without directly referring in this context to the situation in Sweden, where Sorsa's colleague Olof Palme is in an entirely different situation.

The latest estimate of economic growth for this year indicates figures the government scarcely dream of when this year's budget was worked out. In addition to the clear political boost the declining opinion poll ratings of the Conservative Party and DFFF [Finnish People's Democratic League] gave CP and SDP respectively, the market shift seems to be benefitting the current government. This means that in principle next year's budget--which will obviously be the cabinet's next big stumbling block--should be easier to deal with than originally anticipated.

FLP Stabilized

Prior to the last budget it was generally thought that it would be the government's hardest one, meaning in the 4-year period in question. It was also said that the problems would be greatest for the old parties but easiest for FLP which had never before put any mark at all on the state budget.

Against this background, according to the argument, FLP should have been more troublesome to the others. Some people expected a certain decline in the party's opinion poll figures to lead to a rougher period in the government. However it has been said in response to this that the polls did after all stabilize at a clearly higher level than before the last parliamentary election and that for this reason FLP had no special reason to engage in power struggles before the municipal elections, which come right after the budget issue.

Regardless of which argument proves correct, the growth should now also provide some leeway in the FLP direction, even though the amount is still a big question.

But it seems quite clear that the government will continue to be forced to take into account the tension resulting from FLP's participation and its role in the whole design, even though for natural reasons this is not expressed in connection with the income policy round.

#### Traditional CP-SDP Tension

In addition to this there is the traditional tension between SDP and CP and this is certainly not made any easier by the approaching municipal elections and the congresses being held by both parties. Although neither congress is expected to lead to big shifts with regard to people and political lines, the demand for results always increases. Then we will see if the historic agricultural decision and income policy for the Social Democrats and the home-care solution for the Center Party are sufficient or whether more is needed.

SDP has already touched a holy Center issue--pension reform--although it remains to be seen how serious the party was. Regardless of the growth figures, the Finance Ministry has embraced a line of cutbacks that can hardly go through without some kind of struggle. Therefore most observers are inclined to think that the government's profile will be intensified somewhat if not at the end of spring then at least by the time summer comes to a close.

6578

CSO: 3650/170

## COMMUNISTS ADVANCE IN UNION

Helsinki HELSINGIN SANOMAT in Finnish 14 Apr 84 p 12

[Text] Communists increased their support by ten percent in the SAK [Central Federation of Finnish Trade Unions] member Electrical Workers' Union, but the Social Democrats still gained a clear majority for the union meeting to be held next August.

The union committee of the Electrical Workers confirmed on Friday the results of the election meetings held the previous weekend. From 179 trade union chapters 285 representatives were elected. Of these, the SDP [Finnish Social Democratic Party] gained 183, the SKDL [Finnish People's Democratic League] gained 100, and uncommitted got two.

Corresponding percentages were now 64.2, 35.1, and 0.7. In the previous union meeting, Social Democrats had 75 percent of representatives while People's Democrats had 25 percent.

People's Democrats made gains this time in big trade union chapters in Helsinki, Tampere, Oulu, Jyvaskyla, Kuopio and Raahe.

The Electrical Workers' union meeting will convene in Tampere on 23-26 August. There are more than 27,000 members in the union.

8200

CSO: 3617/141

## CP CENTRAL COMMITTEE URGES END TO SEPARATE STALINIST PAPER

Helsinki HELSINGIN SANOMAT in Finnish 15 Apr 84 p 9

[Text] On Saturday the Central Committee of the Communist Party continued discussions on the topic of press reorganization which is possibly the most central issue among the internal disputes, but no progress was made one way or another.

The press group led by Erkki Kivimaki unanimously repeated its recommendation to the Central Committee to have the party congress of May make a decision to combine the new weekly of the Finnish Communist Party, YHTEISTYO, and the minority organ TIE-DONANTAJA. Thus the party would have a new organ, issued four times a week.

The Central Committee did decide last September to propose the merger of YHTEISTYO and TIEDONANTAJA, but in reality no progress has been made in this respect. The extreme wing behind TIEDONANTAJA has frankly announced that it will not give up TIEDONANTAJA.

The press group chaired by Kivimaki, however, still felt on Saturday that the proposal to combine the two papers as drawn up last fall must be presented to the May party meeting. At the same time, the editorial staff of the majority controlled KANSAN UUTiset would be "broadened."

According to the Kivimaki group, communist newspapers have become partial factors in the internal struggle and thus the press issue and the question of the future of the SKP [Finnish Communist Party] are essentially tied together.

"The press group regards the decision made by the Central Committee concerning the press issue last September as a usable one, if and when the goal of the ideological, political and organizational unity of the party is combined with it in the manner implied by the Central Committee," Kivimaki told the Central Committee on Saturday.

Kivimaki gave the lack of new proposals or alternatives as one of the reasons for upholding the previously made decision to combine the two papers.

The Central Committee is expected to decide on Sunday to send the press arrangements to SKP districts for discussion. The final proposal concerning the joining of YHTEISTYO and TIEDONANTAJA and other press arrangements would

thus be made to the party congress no earlier than at the 19 May Central Committee meeting.

#### Taking Lessons from Wajda

In addition to the press issue, during its two-day meeting the Central Committee is preparing resolutions and official statements to be presented to the 25-28 May Party Congress.

The Central Committee is also going to make a proposal regarding the composition of the committees and the speakers of the party congress. There seemed to be disagreement at least regarding the chairman of the election committee of the party congress.

SKDL General Secretary Jorma Hentila caused both mirth and anger during Saturday's meeting with his proposal that the traditional party festival held in connection with the congress be eliminated and that the movie "Danton" by Polish Andrzej Wajda be shown to the party faithful. Hentila claims the movie focuses on the SKP's problems better than any speeches could.

The SKP politbyro had already made a decision on Saturday that the party festival would be dropped from the program of the congress and that the time would be reserved for general discussion.

Chairman Jouko Kajanoja presented an ideological review in which he viewed the communist movement basically as a movement towards the liberation of man and demanded changing the entire world.

According to Kajanoja, communists must rid their agenda of organizational disputes by electing a more united party leadership and by solving the problems concerning the press issues. However, even more important than these, Kajanoja emphasized the elevation of issues of ideology and policy to their rightful position on the list of priorities.

8200

CSO: 3617/141

## MAJORITY WING COMMUNISTS TO CONTROL ORGANIZING OF CONGRESS

Helsinki HELSINGIN SANOMAT in Finnish 16 Apr 84 p 8

[Text] The majority wing of the Communist Party under the leadership of General Secretary Arvo Aalto during the Central Committee meeting on Sunday took control of preparations for the 20th party congress to be held in May.

The majority gained positions of committee chairmen at the party congress through voted decisions contrary to the proposals set forth by the politbyro led by chairman Jouko Kajanoja.

In spite of Kajanoja's attempts to mediate, Erkki Kivimäki, who had prepared the solution to the central issue of dispute, the press problem, was left entirely out of the press committee at the party congress which will make the decision to fold the minority organ TIEDONANTAJA at the congress.

The election of the chairman Aarno Aitamurto of the Construction Workers' League to the position of chairman of the election committee at the party congress could be seen as a symbol of the spirit of the majority movement. Two years ago, Aitamurto made his appearance as the candidate for chairman of the majority's so-called "ax" line.

Aitamurto was elected chairman of the committee by the vote of 28-13. The politbyro left this slot open, and the party minority of the Central Committee desired the same.

The press committee will be headed by the information secretary of the party Oiva Björkbacka. He was elected by the vote of 26-16.

The former vice chairman of the SKP [Finnish Communist Party] and minority leader Taisto Sinisalo was dropped from among the presiding officers of the party congress by the vote of 29-13. Former chairman Aarne Saarinen was not elected either, but he had expressed disinterest in the position.

The minority will be represented among the chairmen at the congress by vice chairman Veikko Alho. The Central Committee also elected Aalto and Kajanoja to be among the presiding officers.



## Sinisalo Dropped

In voting, Sinisalo also lost the chairmanship of the international affairs committee of the congress; it was given to party secretary for international affairs Olavi Poikolainen of the majority faction. Sinisalo has chaired the party's permanent international section for a long time.

It was said that the tightening of the majority line was formulated at the group meeting after an intense discussion on Saturday night. According to sources, chairman Kajanoja had reconciled himself with the majority line on Sunday and had voted with the majority in the Central Committee.

The majority surge for power was probably encouraged by the fact that none of the so-called "third liners," who have operated between the minority and the majority, were elected for the May party congress. Kajanoja has often found support among these "third liners."

This weekend's Central Committee meeting seems to indicate that the 25-27 May Party Congress in Helsinki will be making decisions along the familiar majority-minority division lines.

### "No Important Votes Taken"

These predictions were immediately disputed by chairman Jouko Kajanoja, however. According to Kajanoja, the Central Committee did vote on "a couple of things, but they were not essential issues, just a couple of technical things. The voting does not reflect the situation at the congress," Kajanoja stated after the Central Committee meeting.

According to Kajanoja, the fact that the Central Committee was able to send out matters to be dealt with at the party congress to congress representatives for their consideration was the most crucial accomplishment. The future direction of the party will then be decided by these representatives.

### District Views On Press Issue

The Central Committee sent a proposal for a resolution on organizational and international policy to the congress representatives for their consideration. The organization paper was passed by the vote of 30-16. The draft states, among other things, that separate, organized activities against decisions made by the leadership organs will not be permitted.

There was no essential progress in regard to the long term problem of the press. The Central Committee still backs the proposal to merge the minority TIEDONANTAJA with the new SKP weekly YHTEISTYÖ. The decision is to be made at the party congress. Thus, the party would gain a new organ.

The Central Committee expects party districts to define their stand in regard to this issue by 7 May and to make their own proposals for a solution to the press issue by the same date.

Thus the eight districts which are currently publishing TIEDONANTAJA should approve the decision to cease the publication of TIEDONANTAJA. Negotiations concerning the merge of the two papers are continuing until 14 May.

The Central Committee will be discussing the press issue on 19 May before the party congress. At that time the Central Committee will be finishing all proposals and papers to be presented to the party congress.

#### Cautious Stand On Nuclear Power

The SKP Central Committee approved a broad statement on energy which reflects a cautiously positive stand in regard to building a new nuclear power plant.

According to SKP, there is no rush to make the decision to build, but, if it turns out that a new power plant is necessary, it must be bought from the Soviet Union. SKP states that it approves in principle peaceful use of nuclear power but sets safety conditions for its use.

Seven members of the Central Committee led by SKDO [Finnish People's Democratic League] chairman Jorman Hentila expressed their differing view. They did not approve of the new power plant. The minority expressed a decidedly positive interest in purchasing the power plant from the Soviet Union.

Dr Bruno Bars, who had reported on the issue at the meeting, supported passing a resolution in principle to purchase the fifth nuclear power plant from the Soviet Union immediately.

The Central Committee declared its support for all strikers, condemned the cabinet as a supporter of employers, and demanded a law to prohibit labor lock-outs.

8200

CSO: 3617/141

## ND SCORES SUCCESSES IN ATHENS LOCAL ELECTIONS

Athens I KATHIMERINI in Greek 10 Apr 84 p 2

/Text/ Despite the clear indications of corruption, last Sunday the liberal arrays won significant victories in the elections for neighborhood councils in the municipalities of Neo Psykhiko, Agia Paraskevi, Argyroupolis, and Brakhami, while the substantial victor of Nea Smyrni by 2% was the PASOK/KKE Interior combination.

Specifically, here are the results: Neo Psykhiko: ND 49.97%, PASOK 25.75%, KKE 11.03%, Independents 13.24%. Agia Paraskevi: ND 44.4%, PASOK 41.2%, KKE 15%. Argyroupolis: NE 37.5%, KKE 32.5%, PASOK 30%. Brakhami: ND 39%, PASOK 34%, KKE 16%, Independents 8%.

At Nea Smyrni

The PASOK/KKE combination took first place with 42%. New Democracy got 40% and the KKE 17%.

To a great extent in Nea Smyrni and to a lesser degree in the other four municipalities the same situation arose of not including residents with census cards in their hands in the electoral lists. The census is not complete in Nea Smyrni also. This fact was reported early last week by the chief of the Radical Liberal Array, Mr Siotropos. And the only excuse, after the fact, of mayor Mr Bekhlivanidis was that the census was done by inexperienced youths and that many "snubbed the census" and that finally "the computer made mistakes".

The result of all this manipulation was to stop 1,500 persons from voting after wearing them out.

Objections were also expressed when the votes were being counted, when the councilors of the "Radical Liberal Array" talk about alchemies. Already, however, Mr Siotropos informs with yesterday's telegram that the night before yesterday he had locked up the results and refuses to give the official percentages for every array.

9346

CSO: 3521/237

## FOREIGN PERCEPTIONS OF ATHENS GOVERNMENT ANALYZED

Athens I KATHIMERINI in Greek 15-16 Apr 84 pp 1, 3

/Article by Paris correspondent Rikhardos Someritis/

/Text/ How much "weight" does Greece carry outside of its borders? The answer, without being catastrophic, does not permit enthusiasm and the roll of drums. It carries very little weight and for very few. With certain negative consequences for its interests.

This answer summarizes many months of following the foreign press, of a series of contacts and discussions with important people whose word is not careless or casual and determinations that are not restricted to one or two superficial activities but are based on a wide spectrum of activity.

1. Like many other European countries, but naturally not to the point of most countries of the Third World, Greece is considered to be economically problematic without a clear orientation and, even worse, without any steady game plans for investments and transactions. This determination was made from the principal international public and private economic organizations and is relatively familiar.

The new fact, however, is the prediction that is being generalized, according to which during this year Greece is exhausting its credit potential.

#### Indifference

2. At the time when the foreign investors, including among them governmental vehicles that should not have had political bias against the Greek "experiment", are maintaining a position of at least wait and see, the present Greek leadership does not appear to have aroused or even simply moved the theoretical or practical interest of the progressive leftist intellectuals and politicians.

Specifically, no matter how hard one looks for it, he will not find anywhere, neither in Europe nor outside of Europe, any indications of real interest for the "Greek PASOK models of socialist solutions". Two and a half years of "Pasokism" do not appear to have produced even one model for the foreigners, not even an idea, an experiment or a prospect for the most thirsty ones.

Whether positive or negative, the Yugoslav experiment of self administration aroused the general interest. So has the French practical administration of the tremendous and often exemplary public sector of the economy, or the bold and active area decentralization. The same is true for the Spanish experiment of activating the government mechanism. A similar interest does not exist for the Greek experiment, idea or attempt. Are there, however, any ideas or experiments with a substantial content "of an exemplary nature"?

3. At first, the internal policy of PASOK caught some attention and even aroused sympathy when "allagi" /change/ dealt with those reforms that many Greeks considered "self explicit": modernizing laws dealing with the family, recognizing the resistance of the EAM /WWII leftist resistance group/, principally. This led many foreign commentators to believe that PASOK is the political vehicle of substantial Europization of Greek society. Something that naturally should not enthruse many followers of the movement and that, according to the facts, does not appear to be entirely realistic.

#### Anxieties

Now, however, this internal policy is beginning to arouse anxieties. The "messages" abroad are multiplying indeed regarding the dictatorial tendencies of those governing the country and regarding dangerous initiatives in the area of freedoms. The subject of the famous article 4 for strikes, the cases of censorship, the indescribable "serial" of Greek television and generally the situation in the press is now occupying the attention of many observers both publicly and privately.

As proven by the recent example of the weekly EXPRESS, a significantly circulating French journalistic informative medium of center right and liberal inclinations that dealt with the "Soviet penetration" and the "matter of newspaper TO ETHNOS" last week, this interest expresses a deeper anxiety combined with the foreign orientation of PASOK Greece.

4. Of course, many, including a not unimportant part of the democratic American opposition (something that is not too well known in Greece), do not disagree with the pacifying proclamations of Mr Andreas Papandreou. Unfortunately, the principal non communist countries are not included among them. That is one of the permanent problems of Greek foreign policy. And this policy often is considered not so peace loving as strongly pro-soviet.

And so there is a certain permanent climate of suspicion of PASOK. Where has PASOK not earned this in its efforts: the maintenance of the American bases in Greece, staying in NATO and the EEC, its fluctuations and often unstudied reactions in the Middle East supports the doubts of the Third World and mostly of Moscow.

Result: Of course, no one has stopped saying good morning to us. But no one proceeds to make recommendations because everyone is full of doubt. PASOK has theorized that the "non facts" are a weapon for foreign policy. It appears, however, that in making practical use of this "weapon" it forgot to use moderation, just as it has in other matters.

Indifference for the "experiment", distrust for the real orientation, are descriptive of the opinion of most "foreigners" regarding Greek developments. Of course, when they are interested in Greece to begin with.

Because the other characteristic is the lessening of the interest. After 1974, Greece was the place of a significant peace adventure. Passing from the dictatorship to democracy. At the present time, the "colonels" have remained somewhere in the international subconscious as some possible danger, not an immediate one, however. The immediate one is the other danger of an eruption in the Aegean. And even this is subsiding in the conscious of the foreigners. Because the familiar errors were made often. That unfortunately remain timely.

9346

CSO: 3521/237



## SMALL LIBERAL PARTY MAY PLAY KEY ROLE WITH SHIFT TO LEFT

Helsinki HUFVUDSTADSBLADET in Swedish 31 Mar 84 p 2

[Commentary by Henrik von Bonsdorff]

[Text] There has been talk in recent decades--almost to the point of being tedious--of liberal or so-called liberal parties and their difficulties in modern society both in western countries in general and in the Nordic region in particular. In this country we have had close experience with the fate of the Liberal People's Party: wiped out as a parliamentary party after the last election. The dire straits of the Liberal Party in Sweden confirm this general tendency, even though at the moment following the change of leaders, the opinion polls indicate that FP [Swedish Liberal Party] is no longer quite so dangerously close to the 4-percent cutoff barrier as it was as late as last fall.

The Radical Liberal Party in Denmark, a vacillating party that can at least partly be considered as being in the same boat as the two parties mentioned above, survived the parliamentary election in January unscathed, as everybody knows. And it has the advantage of being a master of the parliamentary balancing act so there does not seem to be any immediate threat to its continued existence just now.

Things are worse for the venerable old Liberal Party in Norway. Ever since the party actually split due to differences over Norway's association with EC in 1972, the party has been at a low ebb. Its position on the party map has also been quite uncertain and it has been in a kind of no man's land between the two big blocs. But at its latest congress last weekend the party made a move, confronted all the nonsocialist groups and in practice declared its intention to support a Labor Party government in the future if and when that party again got a mandate from the voters to get back in power.

The Liberal Party has a proud tradition that goes back all the way to the middle of the last century when groups resembling political parties first started turning up in Norwegian politics. According to the party it was founded in 1884 so it was able to celebrate its 100th anniversary recently. Not many other Nordic parties have had occasion to hold this kind of celebration.

But at the same time the Liberal Party had the same difficulties. And decisive clashes occurred, as mentioned above, in connection with the bitter fight over Norwegian EC membership less than 12 years ago. At that time the Liberals were still a factor in Storting. But with a declining number of representatives. But the conflict over the EC led to a split of some leaving the party and forming their own party, the New Liberals. Since then the two factions have separated and have gradually been reduced to insignificance. The decline hit the defectors the hardest and in the last election they had only 0.5 percent of the vote, while currently only 0.2 percent. The party's current rating of 0.2 percent.

The rest of the old Liberal Party remained to some in positions where it had two seats in 1981. Before and after other seats were won the party's leadership strongly advocated in the 1980s following strategy, cooperation with the Christian People's Party and the Center Party, a union that could be regarded as a credible government coalition. In this way the Conservatives, the big winners in the election and the ones that the Liberals, could be kept from sitting down at the table with the other parties.

When the potential coalition Liberal after 1981 and for almost 2 years, marched into Kare Wilboe's Conservative coalition last year, the Liberals' hopes were finally dashed. And as a result of this "betrayal," the party has decided to throw itself into the arms of the Labor Party. To avoid any misunderstanding, I must emphasize here that this is not a maneuver of the kind performed by the old LP (Liberal Party), i.e. it is not an organizational merger with the Conservative Party.

Conservative commentators interpreted the Liberal move as an attempt to win power and influence on the left side of the spectrum. To do so on the other side. It is quite obvious that in order to survive a party must strive for a position that will allow the widest possible coalition. The only question is what the Liberals can really achieve as a result of the change of course. ARBEIDERBLADET responded in the 1980s with a brief note, which welcomed the Liberal move but emphasized that it was more important for the Liberals than for the Conservative Party.

The former defectors, now called the Liberal People's Party, are also sniffing the wind. They especially hope that the alliance with AP can scare a majority of the approximately 10,000 voters who have moved over into their ranks. In other words the Liberals' decision to move over could mean something close to "suicide." And it is a sad sign of the party's decline that its support for the AP candidate for chairman of the party in the 1981 municipal election, the Liberal Party suffered a loss in the capital.

The scholars can argue over the extent to which these two facts have a direct connection with each other, but at any rate it is clear that if the Liberals want to gain any tangible advantage from their sharp shift of course they must make sure that the DLF (Liberal People's Party) hopes are not realized, that the party can manage to stay in Storting. But it does not seem likely that there will be a significant

increase in representation beyond the present two seats, given the current opinion poll ratings. And the Liberal Party evidently suffers from a certain shortage of real "vote getters," as the Conservative press has noted with satisfaction.

In the second place there must be a power shift. The ruling nonsocialist coalition would have to be dethroned by the Labor Party, in other words. And right now it does not look as if this will happen. The Conservatives are apparently making a comeback after their reverses in the fall municipal elections. One of the contributing factors here is the improved Norwegian economy with a GNP increase of 3.3 percent in 1983 as shown by the statistics. And the approaching change of chairman, that will once more place the popular Erling Norvik at the top of the party, has probably also played a certain role.

And since the Conservative Party's two support parties seem to have stabilized their positions--although at a somewhat lower level than in the last election--it does not seem that the three-party coalition will find it completely hopeless to renew the government involvement.

The Labor Party poll figures again show a weak but clear declining trend. Thus in the current situation a power shift does not look like a foregone conclusion.

But even if the government should change color and pass into socialist hands this in itself would not be enough to give the Liberal Party the influence it wants. The distribution of votes would have to be such that the little Liberal Party could make the difference in which way things go. Then the political gamble the Liberals are making now could really pay off.

It would take a lot for all these conditions to work out at the same time. It is not impossible--chances shift quickly in politics--but as we said it is highly uncertain. Therefore what we can say today is simply that the venerable old Liberal Party's situation is precarious, if not desperate.

6578

CSO: 3650/170

POLITICAL

SWEDEN

IRAQI DIPLOMAT WHO FIRED GUN OUTSIDE EMBASSY MAY STAY

Stockholm DAGENS NYHETER in Swedish 26 Apr 84 p 5

[Text] No further action will be taken against the Iraqi diplomat who fired a weapon at demonstrators in Kungstradgarden [a park in Stockholm] on 17 March of this year.

The diplomat received a strong protest from the UD [Ministry of Foreign Affairs], and police decided the following day to revoke his permit to carry a weapon. To emphasize its protest, the UD turned the matter over to the government for further evaluation. But the government has now decided not to take any further action.

11798

CSO: 3650/186

## BRIEFS

PALME GAINS IN POLLS--If an election were held today, the Palme government would probably be reelected. According to a poll conducted by the SCB [Central Bureau of Statistics] for a number of provincial newspapers, the Social Democrats and the VPK [Left Party-Communists] combined would receive 49.9 percent of the vote, compared to 45.8 percent for the nonsocialists. The poll was conducted by mail with a telephone followup in March and April. But the results are very unreliable, because 30 percent of those polled said they did not know which party they would vote for if an election were held today. In the poll, the Center Party got 15.1 percent, the Liberal Party 5.4 percent, the Conservatives 25.3 percent, the Social Democrats 44.7 percent, the VPK 5.2 percent, and all other parties 4.2 percent. The Liberal Party is in a poor position, especially among young voters. Of those who voted for the Liberal Party in 1982, 40 percent say they cannot choose a party today. [Text] [Stockholm DAGENS NYHETER in Swedish 28 Apr 84 p 6] 11798

CSO: 3650/186

## OPPOSITION TO EUROMISSILES BEHIND DROP IN POLL SUPPORT FOR NATO

## Fourteen Fewer Support

Copenhagen BERLINGSKE TIDENDE in Danish 7 May 84 p 10

[Text] Even if the majority of Danish voters (55 percent) still support Danish membership of the North Atlantic Treaty Organization (NATO), the support has dropped sharply since the previous poll, which was taken approximately 12 months ago.

At the time, the support, however, had reached its all-time record-high level, viz. 69 percent. Also at that point of time, the missiles debate was going on, and there, therefore, would be no immediate reason to believe that the debate would be the cause of the setback.

On the other hand, the missiles debate has now been going on for another year, and, as the last poll shows, the reaction of the voters to the dissociation of the government--though forced upon it--from the so-called dual decision met with sympathy among the voters.

This appears from the most recent poll taken by the Gallup Institute on this issue. At regular intervals since 1949, the Gallup Institute has elucidated the position of the voters on our NATO membership by posing the following question to a representative section of the electorate, comprising approximately 1,000 respondents:

"Are you for or against Denmark's membership of the North Atlantic Treaty Organization?"

The most recent poll was carried through in April of 1984, and it showed that 55 percent of the electorate supported Danish membership and 20 percent opposed it.

The experience gained from the many polls taken for nearly a generation now has shown that the position taken by the population on Denmark's membership of the North Atlantic Treaty Organization is very much affected by various events of political significance but that these effects have been of a brief nature.

It, therefore, is of particular interest to examine the trends in the viewpoints of the population on NATO over the entire period.



For this purpose, the graph below shows the percentages of the population supporting and opposing Danish membership in NATO since its establishment.

The long-term trend is still an increased support since the early seventies, although the most recent poll shows a sharp decline in the support. Only subsequent polls will show whether this setback will be of a lasting nature.

In connection with the most recent poll and on account of the debate on the so-called dual decision from 1979, the following question was, moreover, asked:

For some time, Denmark has taken and has expressed a position on the NATO cooperation which is contrary to that of the rest of the NATO members. In your opinion, should Denmark show such deviating positions on the NATO cooperation or should Denmark, in your view, to a greater extent, adapt itself to the viewpoints on which the other NATO countries have agreed?"

The answers to this question were as follows, distributed according to the party policy affiliations of those polled as well as according to their position on Denmark's membership in NATO:

	Should Mark Its Position	Should Adapt Itself	No Opinion	Total
	%	%	%	%
Total .....	41	33	26	100
Party Affiliation:				
To the Right of				
The Social Democratic Party .....	32	52	16	100
The Social Democratic Party .....	46	24	30	100
To the Left of				
The Social Democratic Party .....	78	16	6	100
Membership in NATO:				
For .....	40	50	10	100
Against .....	66	15	19	100
No opinion .....	21	12	67	100

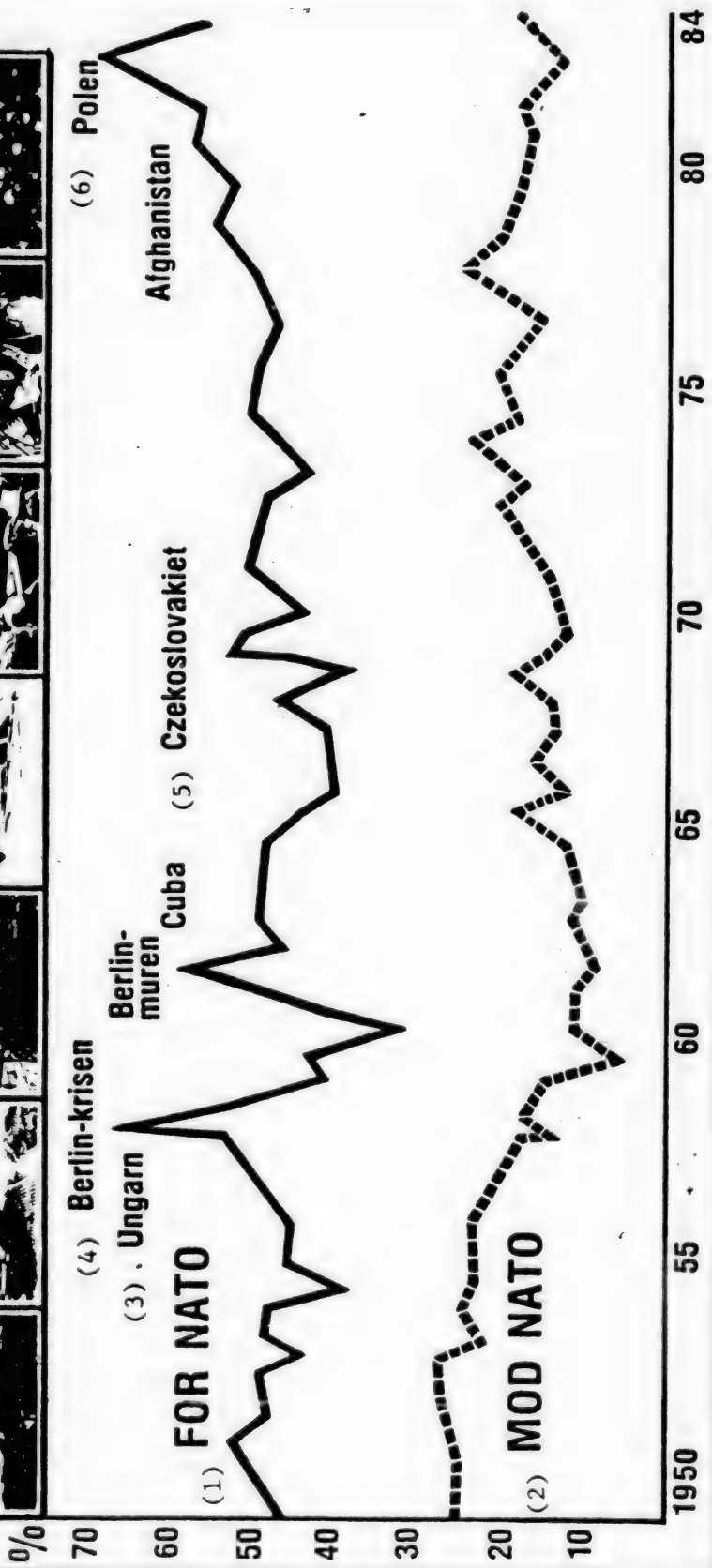
A relative majority among the voters of 41 percent thus supports the desire on the part of the opposition for a more marked Danish position on the missile issue, while only every third person polled (33 percent) dissociates himself from the separate position on the part of Denmark.

As might be expected, only nonsocialist voters dissociate themselves from the separate standpoints on the part of Denmark, while, on the other hand--and this was also to be expected--more than three-fourths (78 percent) of the

actual left-wing voters find that the government should dissociate itself as much as possible from the deployment of missiles. It is worth noting, however, that every third voter (32 percent) of the nonsocialist voters also takes this position. And it is almost self-evident that this viewpoint also applies to the opponents of NATO.

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-Pl



- Key:
- 1. In support of NATO
  - 2. Opposing NATO
  - 3. Hungary
  - 4. Berlin Wall
  - 5. Czechoslovakia
  - 6. Poland

## Conservative Daily Blames Socialists

Copenhagen BERLINGSKE TIDENDE in Danish 8 May 84 p 10

[Editorial: "Danish Yes to NATO"]

[Text] The solid majority of the Danish population supports Denmark's membership of NATO. The annual poll taken by the Gallup Institute with regard to Denmark's position on NATO which was published yesterday showed a setback from the record-high level of 69 percent in 1983, but it was a return to normal conditions. The last decade has seen a constant majority of the population in favor of NATO. The figure has fluctuated between 50 and 60 percent, apart from the big jump last year, and, this year, it is thus 55 percent.

There is nothing alarming about this, nor about the percentage of opponents, which has fluctuated between 15 and 25 during the same period. This year's poll showed an opposition of 20 percent.

It is not a question of any change in the position of the Danish population on NATO. The main trend is the same: a clear majority in support of NATO and a small minority opposing it. However, more people are in doubt than last year; more people give the answer of "no opinion" when asked. Is that actually surprising?

During the past year, the Social Democratic Party has spent a major portion of its political energy on sowing doubts regarding the line followed jointly by the NATO countries during the past 4-5 years. The Social Democratic opposition in the Folketing has, time and again, called upon the government to pursue a policy opposing the councils and assemblies of NATO, and, under the circumstances, the government has had to pass on the message, against its will and against its better judgment. It is a state of affairs which causes constant bewilderment among our allies. Is it really possible to have a government that says what it does not mean and maintains what it does not believe? This situation has created increasing uncertainty as to the actual policy of Denmark in respect of NATO. Do we participate in it or are we against it? Is it possible to trust our words and is it possible to trust our actions?

It is no wonder that the doubts which have arisen abroad with regard to Denmark's position may also be felt within the borders of this country. It is true that we are in a better position than others to understand the very special parliamentary mechanism underlying the foreign policy which the government has to pursue within the alliances of which we are members. However, in view of the fact that, month after month, the Danish people has been exposed to the negative foreign policy propaganda of the largest party without the government having been able to outweigh it by a positive countermove, the result was almost bound to become a growing uncertainty in the public opinion.

Against this background, the latest Gallup poll on NATO is substantial evidence of the strength of common sense prevailing within the Danish population.

## ARMS INDUSTRY SEEKS EXPORTS TO SUPPORT HIGH TECH RESEARCH

## Arms Research Funds Quadrupled

Oslo ARBEIDERBLADET in Norwegian 31 Mar 84 pp 25-26

/Text/ Norway is enriching itself through "war." From a modest volume and the production of simple weapons, the Norwegian armaments industry has developed to the point where it is making billions of kroner worth of highly-advanced weapons systems and parts for them every year. And that is not all. At present, the armaments industry is poised to bring new billion-kroner contracts for the sale of weapons to Norway in the coming years.

Norway is not literally enriching itself through war now. A restrictive policy in regard to the sale of weapons takes care of that. But there is no doubt that Norwegian industry is earning good money by producing a constantly increasing quantity of weapons. Marketing Director Svein Sandvik of the Raufoss Amunisjonsfabrikk puts it this way:

"Earnings in our defense division are above the average for the rest of the firm. Thus the defense section brings us both money and technology," he says.

## Enough Weapons

Many people will assert that if there is something the world has enough of it is weapons. It is pointed out that we spend \$1 million per minute for armaments purposes (1980 figures). We do not have any later figures, but we probably are spending a good deal more now. That is happening while at the same time more than a billion people, or almost one-fourth of the world's population, are suffering from hunger, poverty and other miserable circumstances.

Well, what is the total volume of Norwegian production of weapons and parts for weapons? We have tried to obtain an answer to that question. We have contacted a number of people, from peace research workers to employees of the defense department. Nobody could give us any answers. No single agency or several of them, each responding individually, is able to provide information that will clarify such an important state of affairs in our society.

Not Secret

Even the intelligence service of the Defense Department, under Department Head Erik Senstad, gave up. We were assured that it was not a question of whether or not they were willing to talk. The management of the Defense Department also tried earlier to obtain figures on Norwegian production of weapons to refute statements to the effect that, according to a Swedish investigation, Norway was in seventh place in the world in the exportation of weapons. They had to give up. Then a request was made that the Central Statistical Bureau and others would try to make it possible to obtain an overall view of Norwegian production and exportation of weapons. Nothing has happened since then. Senstad says that they want to take up the matter again in order to correct the situation. Senstad emphasizes the fact that not all the information on this matter can be made public but that it should be possible for the amount of weapons production, in the form of the number of factories and employees involved, the turnover and the quantities exported, to be available to the public.

#### 100 Factories

In Norway, approximately 100 factories deliver parts for weapons or complete weapons for our defense and for export. In addition, knowledge and other services are provided by the universities and other research institutions. The American defense organization, alone, has had contact with all of our universities, 22 different institutes and 10 factories.

Well, then, how large is the production and development of weapons and weapons parts in kroner and ore? Our two definitely largest producers of weapons, the Kongsberg Vapenfabrikk /KV/ and the Raufoss Amunisjonsfabrikk /RA/ had a combined turnover of their defense divisions plus the KV's airplane engine division of some 1,070 million kroner in 1983. The production of weapons will probably increase further at those two factories in the coming years. Both of them are in the process of obtaining contracts worth billions of kroner for antitank guns, fuses, missiles and aircraft engines of the new generation. The latter will be delivered for civilian aircraft, to be sure, but the KV would never have gotten a chance to be included in the development of the new generation of jet engines if it had not been for its involvement in the production of the F-16 fighter aircraft.

#### 50,000 Jobs

In 1982, the number of work years by both civilian and military personnel in our defense effort amounted to approximately 54,000. In addition, approximately 46,000 work years were performed in programs related to the defense effort. The number of work years performed in the weapons industry is assumed to be between 5,000 and 10,000. We only have definite figures on the number of employees from the KV and the RA, where some 2,600 people work in the defense divisions. As a starting point, they assume that the number of employees will be stable to the end of the 1980's, but if the Norwegian weapons industry succeeds in landing the big contracts it expects to get, the number of employees can quickly be increased by several hundred.



"Dependency on the defense industry is not a big problem yet in Norway," Peace Research Working Group member Ole Gleditsch thinks.

"The most important economic dependency is to be found in our ordinary defense system, and especially in the defense industry in northern Norway. That will create big problems if disarmament takes place. In other words, economic dependence is more concentrated on activities in and around the defense system than in weapons production," Gleditsch says.

#### More Jobs

"In times of extensive unemployment, the loss of jobs will constitute a political burden, but the calculations we have performed show, for example, that if we use a fourth of our defense money for foreign aid and the rest for social and health services, that will produce as many jobs as defense is doing now. Consequently, it is a good thing that most jobs are linked to the defense system at present and not only to the production and exporting of weapons. The latter would be much more difficult to replace," Ole Petter Gleditsch says.

#### Norway Among the World Leaders

A few years ago, official Norway was a peace land. Suddenly we appeared among the world leaders in the sale of weapons. Little, innocent Norway took over seventh place among countries selling the most weapons in the world.

Well, that is due to special circumstances, as Thorvald Stoltenberg, the defense minister at that time, put it. But it cannot be denied that Norwegian exportation of weapons has increased a great deal and may increase considerably more in the coming years.

It was a report from the International Peace Research Institute in Stockholm /SIPRI/ that showed that, during the period from 1977 to 1980, Norway moved into seventh place among countries exporting the most weapons in the world. According to SIPRI, Norway was selling 27% of 1978 worth of weapons to foreign countries. Our exports were more or less as large as those of Sweden and only great powers in weapons such as the United States, the Soviet Union, France, Italy, Great Britain and East Germany sold more.

#### Incorrect Picture

Does the SIPRI report give an incorrect picture of Norwegian exportation of weapons? "Yes," the defense ministry claims. It was precisely during that period that Norway delivered a big order of tanks and missiles to Sweden. In addition, the price for the missiles was too high, it was claimed. Research Workers Thomas Hovland of SIPRI confirmed to ARBEIDERBLADET that the one survey probably did not give a correct picture of Norwegian weapons exports.

Department Head Erik Skottene of the Defense Department stated to ARBEIDERBLADET that they were trying to bring foreign buyers that would disprove the Swedish assertion, but that they had not succeeded in doing so.

On the other hand, a considerable quantity of Norwegian exports of smaller weapons and parts for weapons was left out of SIPRI's shocking report. Among other things, nine Norwegian factories produced parts for the "weapons sale of the century"--the F-16 aircraft. Just the Kongsberg Vapenfabrikk's share of that gigantic order amounted to 900 million kroner.

#### Deliveries Worth Billions

If we look at the two biggest producers of weapons in Norway, the Kongsberg Vapenfabrikk /KV/ and the Raufoss Amunisjonsfabrikk /RA/, they have exported hundreds of millions of kroner worth of weapons and weapon parts each year for the last 10 years.

Norwegian exportation of weapons and parts for weapons has been increasing sharply during recent years. When looked at through the weapons industry's eyes, prospects for the future are also bright--a view that is also shared by Department Head Senstad of the Defense Department.

"The KV and the RA, among others, have great chances for increased sales of weapons in the coming years," he says. It is in the area of antitank defenses and various types of equipment in the areas of antitank weapons, various types of missiles and civilian aircraft engines that both the KV and the RA perceive great possibilities. Here there is talk of several deliveries falling in the billion-kroner category.

#### Pioneering Country

One can get the impression that Norway is almost unrestrainedly opening up the floodgates for the indiscriminating exportation of weapons. That is not true. Both the "peace people and the defense people" are in agreement that Norway is following a restrictive weapons sales policy. Some of the sales can serve as examples to be followed.

Norwegian official policy is that we should only sell weapons to NATO countries and certain neutral countries. We do not deliver weapons to countries that are at war or are threatened by war. The same thing applies to countries that are engaged in or threatened by civil war.

However, Norway has some shameful spots on its "weapons shield." That is true of the sale of weapons to Greece and Turkey and the delivery of parts for the "Jewish" and the "Islamic" nuclear bombs, among other things.

#### Research

From 1972 to 1982, Norwegian investment in research on and the development of weapons was quadrupled. In 1982, we spent approximately 300 million kroner, or some 34,000 kroner per hour every 24 hours, to develop weapons.

More than 1,000 people are working on such research in Norway. Nevertheless, that is not much by comparison with countries like the United States, Great Britain and Sweden, but it is a great deal more than Denmark and Finland do.

In the United States and Great Britain, half of the public appropriations are used for the purpose of developing more effective weapons. In other words, every second penny is used for the purpose of devising weapons that can kill and annihilate human beings even more effectively.

#### 24 Times More Than the Danes

In Norway, some 217 million kroner were appropriated for military research in 1982. As was stated earlier, that was four times as much as was appropriated 10 years before. The amount has almost been doubled just since 1980.

By comparison with other countries in Scandinavia, that is approximately half what the Swedes spent. At the same time, it is 4 times more than the Finns spent and a whole 24 times more than the amount of public money the Danes spent for military research.

In 1980, 700 people were occupied in military research work, and almost 300 of them were scientific personnel. Research workers in the weapons industry are in addition to these, and here, first and foremost, the weapons industry consists primarily of the Kongsberg Vapenfabrikk a/S /KV/ and the Raufoss Amunisjonsfabrikker A/S /RA/. They spent a good 80 million kroner for research on and the development of weapons in 1983. A large part of some 2,400 employees of these two enterprises are engaged in research on and the development of weapons. Representatives of the two enterprises have asserted to ARBEIDERBLADET that a large part of the research and development work in the military sector benefits the civilian parts of those enterprises.

#### The Data-processing Industry

Department Head Erik Senstad of the Defense Department has told ARBEIDERBLADET that Norwegian industry has gained great benefits from military research and development work.

"The point of origin for large parts of the Norwegian data-processing industry was the people associated with the Defense Research Institute /FFI/," he said. "Norsk Data is a brilliant example in this respect. But it is not alone. About 14 other data-processing enterprises had the same point of origin."

"Another example is the KV's entry into the oil industry. The FFI has a large share in the knowledge of how to develop very advanced positioning equipment. Large portions of the electrical industry also had their point of origin in the people associated with the FFI. Experience has shown that Norwegian industry stands in line to recruit people from the defense department's researcher,s' Senstad says.

He gets unqualified support from Marketing Director Svein Sandvik of the RA in stating that the path from military research to ordinary industry is a short one.

"I am in the habit of saying that there is not a very big difference between the production of gun casings and automobile bumpers," Sandvik told ARBEIDERBLADET.

## The United States Is Losing to Japan

But not everybody believes that it is only industry that benefits from the fact that a lot of money is spent on military research and development. Several prominent American economists believe that an important explanation of why the United States is losing out in the competition for the development of new civilian technology is just the fact that the United States spends too much money on military research while Japan, for its part, performs almost all of its research in the civilian sector. The result is well known. The Japanese are far ahead of the United States in a number of important fields and are creating big problems for traditional American industry.

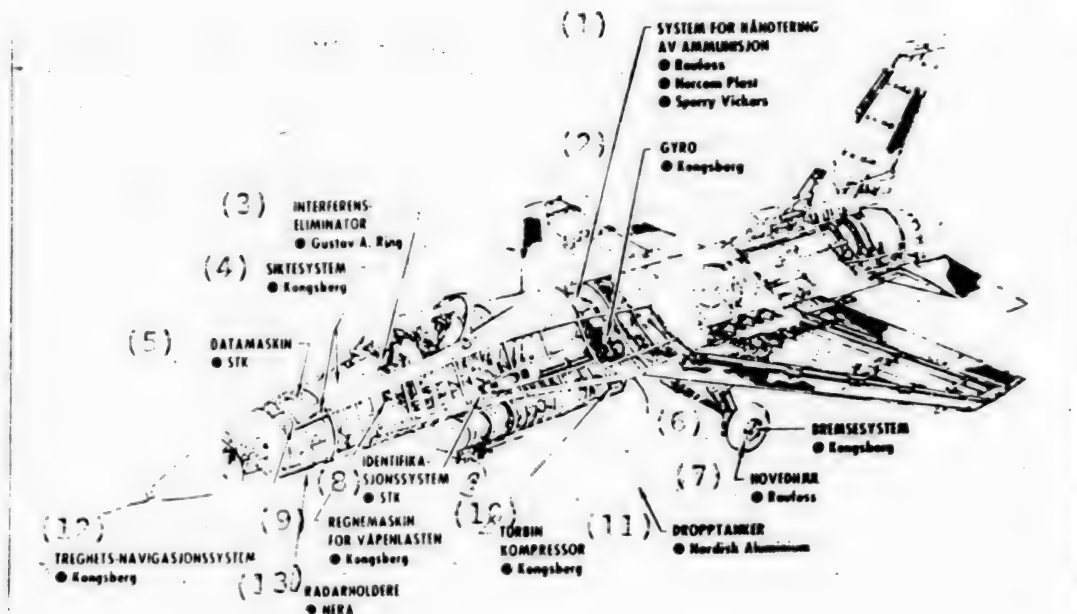
The question is whether Norway, like the United States, will lose technological terrain if we continue to devote our efforts to weapons research unremittingly. Another important question is whether it is right for us to spend more and more money all the time for the purpose of developing more weapons, and more dangerous weapons.

## These Profit From the Weapons Industry

As the F-16 fighter aircraft advanced from a mere framework to a finished airplane, a number of Norwegian concerns provided equipment for what has been called the "weapons sale of the century." In addition, the Kongsberg Vapenfabrikk has big contracts for the delivery of an advanced turbine part for its engine and Norsk Data's delivery of F-16 simulators.

We also know that the following concerns are involved in the weapons production: the Kvaerner concern, Bergens Mek. Verkstad A/S, Norsk Maconi A/S, Elector-Power A/S and Horten Verft A/S. Furthermore, the following firms and institutions have provided the American defense department with products or services: the universities in Oslo, Trondheim, Bergen and Tromsø and a number of institutes that come under them. Also involved are the Meteorologisk Institutt, Dyno Industrier, Elektrisk Bureau, Elkem/Spigerverket, Esso, Fina, Farmakologisk Institutt, Forsvarets Fellessamband, Forsvarets Forskningsinstitutt, the defense department, the Gaustad Hospital, the Geological Museum, Hughes Aircraft Co, Informasjonskontroll, the Institute for Nuclear Energy, the Technical and Scientific Research Council of Norway, the Norwegian Institute for Air Research, the Norsk Rengjoringsselskap, Nosted Kjetting, the Oslo Studentby, Ramfjeld & Co, Reckitt 8 Colman, Ruths Rengjoringsbyra, the Company for Industrial and Technical Development and the Central Institute for Industrial Research. Shell, Simonsen Radio, Simrad, Staal & Tau, Teleplan, Televerket and Tur Bilsentralen for Oslo and Akershus are also involved.

This summary gives a specific picture of Norwegian engagement in weapons production and the providing of services to the defense department of the United States, among others.



Key:

- |  |   |
|--|---|
| 1. Ammunition handling system<br>Raufoss<br>Norcem Plast<br>Sperry Vickers | 8. Identification system<br>STK             |
| 2. Gyro<br>Kongsberg   | 9. Calculator for weapons load<br>Kongsberg |
| 3. Interference eliminator<br>Gustav A. Ring                               | 10. Turbine compressor<br>Kongsberg         |
| 4. Aiming system<br>Kongsberg  | 11. Drop tanks<br>Nordisk Aluminium         |
| 5. Computer<br>STK   | 12. Inertia navigation system<br>Kongsberg  |
| 6. Brake system<br>Kongsberg   | 13. Radar holders<br>MERA                   |
| 7. Main wheel<br>Raufoss   |   |

Arms Industry Organizing

Oslo ARBEIDERBLADET in Norwegian 4 Apr 84 p 15

/Article by Svein Erik Bakken: "Secret Membership List of 40 Concerns That Want to Invest More in Weapons Production"/

/Text/ "Norwegian Defense Contracts" /NFL/ is the name of an interest group in the Norwegian Industrial Association. The purpose of the interest group is to participate heavily in the foreign and domestic military markets.



The Norwegian Industrial Association would not tell ARBEIDERBLADET who the 40 concerns are that belong to the so-called interest group. In other words, membership is actually secret. Defense Consultant Rolf Kristiansen of the Norwegian Industrial Association now states that it is up to each individual concern whether it wants its membership to be public knowledge or not. He came out with that information after consulting with the chairman of the interest group's executive body.

#### Next Annual Meeting

"That question has not been discussed in a plenary session, and it can hardly be done before the next annual meeting, which is not until 1985." Kristiansen wrote in his answer to ARBEIDERBLADET. Other newspapers have also gotten the same answer. The most recent one--a while back--was FRIHETEN.

The interest group was established in May 1982 by 27 Norwegian concerns. Thirteen other concerns joined it later. In November 1982, Kristiansen was appointed defense consultant of the interest group. He is a colonel in the reserves, and in his new position he comes directly under the administrative director of the administration Knut Lofstad.

#### A Gigantic Market

The purpose of creating this interest group within the Norwegian Industrial Association is to contribute to making it possible for the member concerns to be able to obtain larger numbers of contracts both for our own defense and in the worldwide defense materiel market. Kristiansen points out that in a defense budget of approximately 13 billion kroner, approximately 2.6 billion kroner worth of investments will be made, while it was stated in the editorial columns of the last issue of NORGES INDUSTRI that the Norwegian defense department expects to acquire materiel valued at approximately 15 billion kroner during the next 5 years.

"It is natural for Norwegian industry to be interested in getting a firmer foothold in that market than has been the case up to now," Kristiansen told ARBEIDERBLADET.

#### Far Ahead

As we mentioned in a rather long report in our paper on Saturday, 31 March 1984, Norwegian industry is in the process of getting into the world armaments market with very far advanced parts and weapons systems. Therefore, one of the aims of the concerns that are members of the interest group naturally is to get as close cooperation with the authorities as is possible in order to get into that market. And here our authorities are now actively playing on the same team with industry. After once buying weapons without demanding any quid pro quo, the Norwegian authorities now demand that we deliver equipment to the countries we buy weapons from that is worth an equal amount in kroner and is just as advanced as what we buy from them.



Or, as Department Head Erik Senstad of the Defense Department said to ARBEIDERBLADET a short while ago, "We do not approve of selling blankets to the same trading partner from whom we buy missiles or other advanced defense equipment."

#### Working Together

Both that statement by Senstad and similar clear messages from Undersecretary Oddmund Hammerstad of the defense department show that the pressure group in the Norwegian Industrial Association has made progress both with respect to the Norwegian defense effort and its desire for increased exportation of weapons. In a speech to the Oslo Military Society on 12 March 1984, Hammerstad asserted that the basis for a significant rapprochement with industry has now been laid, with both sides benefiting.

9266

CSO: 3639/103

## GOVERNMENT TROUBLE CLARIFYING ATTITUDE ON SUB INCIDENTS

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 84 p 2

[Op Ed article by Carl Bildt, Conservative Party MP]

[Text] It seems hard for various government representatives to speak the same language when it comes to submarine violations.

The problem is compounded by the fact that there seems to be something systematic about the whole thing.

The basic pattern is quite simple.

After a talk with OB [Supreme Commander of the Armed Forces], the defense minister arrives at a formulation to describe the military assessment as to whether an intrusion did or did not occur during a certain period of time.

If this results in wording that leaves open the possibility that there was no violation, the prime minister makes a statement to underline this.

But if the result is a statement that does not leave any room for doubt, the prime minister says nothing at all.

The foreign minister seems to be following a somewhat different pattern.

If the statements of OB and the defense minister indicate the slightest uncertainty, the foreign minister jumps on this--with an eagerness that is a contrast to the prime minister's professional choice of words. His statements leave a clear impression that he does not believe a word of what OB and the defense minister have said.

If the statements of OB and the defense minister are more distinct in character, the foreign minister initially falls into the same stupor as the prime minister. No statements are made. No consequences can be drawn. Nor is it possible to arrive at any conclusions. No attempt is made to exert any influence.

But this is a transitory phenomenon. For soon a process begins that makes a clearly revisionist impression on an outside observers. Gradually the

contours of the evaluations become more and more diffuse until he can return to the reaction pattern that characterizes uncertain incidents.

Developments in recent months illustrate these different patterns for the statements of the various people concerned.

OB's "summer report" of 16 September 1983 spoke of a "high probability" that the intrusions were continuing despite the government's intensive political activity with respect to the Soviet Union.

Thus this report did not present any acute problems for the foreign minister, for example. As everyone knows, there is a difference between "high probability" and a clearcut violation.

OB's "fall report" of 20 December was considerably more difficult. On one occasion the intruder had abandoned more cautious behavior and left clear and obvious tracks on the ocean floor. OB spoke of at least three "clear cases" of intrusions. In his written and well-worded statement the defense minister used exactly the same words.

The prime minister did not wish to comment. Neither did the foreign minister. No conclusions. No consequences. Nothing was influenced.

But in the long run one cannot remain silent. And in the foreign policy declaration in Riksdag on 21 March this year, the foreign minister explained his and the government's view of what had happened.

The foreign policy declaration is a well-prepared document. This was touched up and discussed for many weeks by various government office sections. Draft after draft was revised in the Foreign Ministry before other ministries could present their views and demands and formulations. Nothing is left to chance in a foreign policy declaration.

Therefore it is noteworthy that the statements in the foreign policy declaration differ so markedly from those the defense minister used in his statement of 20 December with reference to the OB report.

There was no longer any talk about "clear cases." Instead the government talks of "a number of observations in which the proper authorities could not exclude the possibility of an intentional intrusion into Swedish territory."

In plain language this means that the "clear cases" have been transformed into cases where one could not rule out an intrusion but where one could of course not rule out the other possibility, that OB and the military jumped the gun and spent the time chasing phantoms and drain pipes and old discarded bicycles.

What was clear for the defense minister on 20 December 1983 became unclear for the government just 3 months later on 21 March 1984.

And that makes the whole thing easier to deal with again.

No conclusions can be drawn. No consequences can be discussed.

It is possible that my presentation is too critical in its analysis of the government's various statements. With the exception of a section in an editorial in STOCKHOLMS-TIDNINGEN on 22 March, no Swedish journalist regarded the differences between the wording of the statements of 20 December and 21 March worth as much as a subordinate clause.

Then what is there to complain about?

The dilemma is that a foreign policy declaration is a foreign policy declaration. The fact that it is handled somewhat routinely by the Swedish media is unfortunately no guarantee that it will be read with the same casual glance in the foreign ministries of other countries. On the contrary, it is the nature of things that such a document is studied by the rest of the world with almost the same care that is used in producing it in Sweden.

And it will not take many minutes there before those with trained eyes can follow the Swedish government's political reactions to the continued submarine operations and observe the shift that has taken place. One choice of words is compared with another in the manner that is the hallmark of those schooled in diplomacy.

The questions then follow.

Did the government decide that OB's assessment on 20 December was too definite?

Does this mean that the defense minister's line has been forced to yield to the foreign minister's line that has already been noted in the past?

Is the government so anxious to keep spirits up at the luncheon table at the Stockholm conference that it wants to tone down what has actually occurred?

Or is it the case that they do not want to disturb the normalization of the relations with the Soviet Union that began during the Karlskrona incident even by saying that in quite general terms the intrusions definitely happened?

We have no idea what answers they will come up with. The only thing we can be quite sure of is that the questions are being asked. And that the cause is the inability of the different cabinet ministers to speak the same language on submarine issues.

6578

CSO: 3650/168

## NEW ARMY COMMANDER BENGTTSSON WANTS TO LIMIT ARMS EXPORTS

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 84 p 7

[Article by Hakan Bergstrom]

[Excerpts] Kristianstad--"I will not start my new job by sitting down at a desk in Stockholm," said the general and traveled to Skane on his first day at work.

On 1 April Lieutenant General Erik G. Bengtsson became the new chief of the army. Since he last served in upper Norrland, he felt it was appropriate to start out his new job by inspecting the forces at the southern end of the country.

"A Norrlander was asked: Do you know what Skane is? The Norrlander replied: It is yellow and costs 2 kronor more than Renat."

The general told that story to fellow officers at their mess at P-6 in Kristianstad when he thanked them for the fish souffle that was served for lunch. This was the general's way of admitting that he was not very familiar with conditions in the south.

Erik G. Bengtsson, 56, comes from Varmland. He grew up in a family with many children under modest conditions and volunteered for defense service when he was only a teenager.

Out in the windy barracks yard stood the draftees, called "the boys" by the army chief who had traveled there.

Tighten Up

"Order, system and style must prevail in the army. It is my experience that we need to tighten up on this point," Erik G. Bengtsson said from a wooden podium in the barracks yard.

## Not Ingratiating

He greeted the troops by saying, "Hello, tank soldiers," for no one can accuse Erik G. Bengtsson of being unduly folksy or ingratiating.

In a sweaty gymnasium of the P-6 20th regiment, the general expanded his ideas about the army of the future. He called for responsibility on the part of the officers. Erik G. Bengtsson said he "felt upset" when refresher maneuvers were conducted poorly.

If he learns of inadequate refresher maneuvers he will personally call in the responsible military officers, regimental commanders and leaders of combat units. Then they will have to try and explain what went wrong.

In the future the new army leader wants more restraint in exporting the kind of war materiel typical of Sweden. We should not make things easier for the enemy by sending Swedish technology around the world.

## Missile Systems

"This applies to all or parts of systems such as radar, missiles, communications material and certain weapons," the general said, standing between the handball goals in the gymnasium.

In his speech Erik G. Bengtsson also quoted Per Albin Hansson to explain why we need a defense system: "No matter how much we love peace, we love freedom even more."

But in contrast to his predecessor, Nils Skold, the new army chief feels that his own political beliefs are "private property."

## Not a Party Member

"I have never been a member of any party," he told us.

Erik G. Bengtsson is now the boss of 18,000 permanent army employees. In the event of mobilization he would be responsible for 700,000 soldiers. The army will probably have to live with cuts, but the new army commander would not talk of an economic crisis in the army, "just some difficulties that we must deal with."

According to Erik G. Bengtsson personnel must help in coming up with ideas so that the cuts do not affect combat units, the very heart of the army.

Shortening the period of time served by draftees is unthinkable, according to Bengtsson.

"I will not have it on my conscience that sometime in the future we might have to send young Swedish boys into combat with inadequate training.

"I only say, God save me from that," said the army commander, using what was probably his only oath on his first day on the job.



## PALME SHOULD ANSWER ALEXANDER BOVIN'S SUB INCIDENT CHARGES

Stockholm DAGENS NYHETER in Swedish 27 Apr 84 p 2

[Op Ed article by Staffan Teste: "Why Is Olof Palme Remaining Silent?"]

[Text] The Soviet Union's attacks on Swedish and Scandinavian mass media, especially in connection with the reports on submarine intrusions and the submarine hunt in Karlskrona, are growing increasingly harsh. The most shameless attempt to control what reporters will and will not write about Sweden's relations with the Soviet Union was made by Alexander Bovin in his article that appeared in DAGENS NYHETER on 27 March. So says Staffan Teste, a former correspondent for DAGENS NYHETER in Moscow, as he calls for a reaction from the prime minister to Bovin's article.

After the nonsocialist election victory in 1976, outgoing Prime Minister Olof Palme expressed fear that "the conformism of silence" would spread in Sweden's mass media. He coined the expression in particular to encourage the mass media to continue keeping an eye on events in the country. There was never any "conformism of silence" in Sweden during the 6 years of nonsocialist government, and Olof Palme is back in power, even if his love for the Swedish mass media is sometimes a bit restrained now.

The question now is whether "the conformism of silence," with Palme's consent, is supposed to spread in the mass media on the subject of the Soviet Union and Sweden's relations with our neighboring dictatorship to the east. The question is justified now that the Soviet Union has started an increasingly harsh attack on Swedish and Scandinavian mass media, especially as a result of the reports on submarine intrusions and the submarine hunt in Karlskrona.

Ever since the end of detente between the United States and the Soviet Union, the Soviet Union has been intensifying its media propaganda and its attacks on reporters who do not do what the Moscow regime wants.

Two TV reporters in Moscow--one Norwegian and one Danish--were accused by Soviet publications in 1983 of being "Nazis," "fascists," and "warmongers."

Last year, the Finnish press agency FNB was also attacked because it had had the nerve to publish an interview with U.S. President Ronald Reagan: TASS, the government-controlled Soviet press agency, wondered: "Why in the world did the FNB allow itself to be used to peddle militaristic viewpoints and anti-Soviet statements?"

The attacks on the Swedish media have become more intense of late. Recently on TV, the Soviet ambassador to Stockholm, Boris Pankin, attacked a segment of TV's own children's program--"Children's Journal"--for reporting that about 77 percent of the Swedish children interviewed in a poll said they thought the Soviet Union was responsible for the submarine intrusions in Sweden. Pankin thought it was wrong to ask children such questions. ("Children's Journal," which is produced very capably and responsibly, reacted quickly: it reported Pankin's criticism, but again reported on the opinion poll--a good way to show that it does not let itself be influenced.)

Writing in SVENSKA DAGBLADET in February of this year, Nikolay Yefimov, deputy editor in chief of IZVESTIA, the Soviet Government newspaper, attacked Swedish correspondents in Moscow for presenting the Soviet Union only in an uninviting light. They deliberately conceal positive facts, said Yefimov.

On Swedish Radio's "Day's Echo" program recently, a so-called expert on Sweden from the Soviet APN, Igor Pavlov, undeniably laughed derisively concerning Sweden's attempts to protect the country's borders from submarine encroachments. "Sweden can do only one thing to improve relations: stop the search (laughter). Stop the submarine search--it is just stupid," said Pavlov.

On TV 2's "Report" program, there was a feature on a new border trade agreement between Sweden and the Soviet Union. When the reporter (this was the "Report" program for 30 March) asked Nikolay Komarov, Soviet deputy minister of foreign trade, how the negotiations with Sweden had been affected by Sweden's protests concerning the submarine intrusions, Komarov became overbearing. He took the reporter aside and began questioning him:

"What is the purpose of the question you asked? Are you trying to worsen relations between our countries?"

When Komarov discovered that the TV camera was recording the whole scene, he ordered Swedish TV:

"Turn off that camera!"

When the Swedish TV crew did not obey the Soviet order, Komarov fled.

The worst attack of all on Swedish mass media, and the most shameless attempt to control what reporters will write and not write about the Soviet Union or Sweden's relations with the Soviet Union, appeared in DAGENS NYHETER (27 March). That attack was made by IZVESTIA's political commentator, Alexander Bovin, himself a powerful man as a member of the CPSU Central Committee's review body.

Bovin asked this question in DAGENS NYHETER: "Who gains from the chill between Sweden and the Soviet Union?"

Bovin said that no one does. So Sweden must normalize its relations with the Soviet Union, and Bovin provided--implicitly--the formula for doing so: control the mass media!

Or, to say it the way Bovin did, "for stable, good relations between states, there must be mutual understanding not only at the government level but also on other levels. Not only the ruling circles (author's comment: implying, therefore, that the Swedish and Soviet Governments are in agreement), but in fact the people must, step by step, surmount historically caused disagreement and mistrust and learn to understand each other.

"But for that to happen, politicians and people active in public affairs who realize that the relations in question are necessary and productive have an interest in developing a similar view in their country's public opinion. For that purpose, there are many methods that are far from requiring that one 'issue orders.' Unfortunately, I have not seen any sign of such an interest in Sweden."

Being the skillful reporter and propagandist that he is, Bovin knew that such a brazenly expressed attempt to influence Swedish domestic politics and the choice of subject matter by Swedish media could not go unchallenged. That was why he craftily added that some Swedish reporter would surely attack him for meddling in Swedish internal affairs. Because of course, he does not want to do that at all. That has never been his intention.

It is only Soviet-Swedish affairs that he considers himself obligated to meddle with: "just as any reporter--Soviet or Swedish--who wants to cleanse Soviet-Swedish relations of suspicion and the dregs of prejudice is obligated to meddle," wrote Bovin.

But Bovin really ought not to be allowed off the hook so easily. Bovin is a highly placed political power in the Soviet Union who is hoping to influence Swedish politicians so that the Swedish media will have less scope for describing the realities of the Soviet Union and of the Soviet Union's behavior toward Sweden. The goal in this game is to force Sweden to toe the line more closely. Swedish political leaders do not have the same opportunity to appear openly and without censorship in Soviet mass media to explain their viewpoints. The Soviet media publish only what the Soviet regime wants published. Bovin's article in DAGENS NYHETER is also being published in IZVESTIA, the Soviet Government newspaper. The article you are reading here will never be published there in its entirety, even though it was sent to IZVESTIA as well as to DAGENS NYHETER.

If "the conformism of silence" is really not going to spread throughout Sweden on the subject of the Soviet Union, it is time to say so.

In a recent segment on TV's "Magazine" entitled "Occupied Sweden," reporter Jan Guillou showed what might happen to a Sweden that cannot defend its borders

or vigorously show the world where it draws the line on foreign efforts to influence our democracy and free press.

Such a repudiation can be indicated in many ways. Vigorous statements by the Swedish Journ lists Union are one example, but above all, the Swedish people doubtless want to know where the head of our government stands. For some time now, Palme has been so quiet--oh, so quiet. Why? That is the question many people are asking--ordinary people who want to be able to feel that they can look up to the head of their government and know that he is looking after the country's interests regardless of which regime is attacking the country.

In a recent editorial, EXPRESSEN insisted that Swedish policy must never lean toward accepting Soviet encroachments on our country's territory. EXPRESSEN wrote: "It is therefore important that the prime minister, who is personally said to be one of the sources for Bovin's article, remove himself from the Soviet embrace. Olof Palme is not usually slow to start talking. A clear repudiation would not be out of place at this moment."

One can only agree with EXPRESSEN.

There is no room for "the conformism of silence."

11798

CSO: 3650/186

## BANKING CONSORTIUM TO BAIL OUT COMPANIES

Athens I KATHIMERINI in Greek 4 Apr 84 p 9

[Text] Twelve commercial and developmental banks (Commercial Bank, National Bank, Ionian Bank, ETVA [Hellenic Industrial Development Bank], etc.) have formed a consortium to finance 15 problematic enterprises which have already been submitted to the procedures of Law 1386/83 in order to be reorganized. The consortium will make available approximately 25 billion drachmas which will be used to provide working capital to the problematic enterprises, each of which must have completed within an eight-month period their phase of reorganization. The whole "rescue operation" will take place under the supervision of the Organization for Re-establishment of Enterprises (OAE), which is participating in the consortium and making available five billion drachmas of its own capital, which will be increased if necessary.

This program to temporarily support problematic enterprises was announced by Minister of National Economy and Finance Ger. Arsenis who characterized it as one of the government's most important measures and said epigrammatically: "At last we have taken off and we are now able to proceed to a rational financing program for support and development of the economy." The minister noted, moreover, that this program:

1. Is not inflationary because it draws capital from the banks' available funds.
2. Is not gratuitous because the loans to the enterprises will be granted with commercial and banking terms.
3. Is not compulsory for the banks which will participate voluntarily and only as long as they judge that the scheme covers their interests.

The minister added that next week he will announce measures for better financing of small and medium-sized businesses and commerce.

Participating in the consortium will be all the state commercial banks and developmental banks, while many small private banks have expressed interest. The innovation of this program, said Mr. Arsenis, is that it disperses the risk of financing problematic businesses to many enterprises and many banks while at the same time it breaks the banking system's oligopoly by distributing the burdens equally on the banks, and, finally, it creates better conditions for cooperation between banks and enterprises. In the long term the program will contribute to creation of a shares and bonds market, thus strengthening the capital market.

## The Announcement

Specifically, Mr. Arsenis announced the following main points of the program:

"1. A consortium of developmental and commercial banks is being formed whose purpose is to finance the current needs in the productive link of selected enterprises which are in the process of reorganization. The prerequisite for having included an enterprise in the above scheme is: a. A creditor's application for submittal to Law 1386/83; b. Decision for submittal to Law 1386/83 by the minister of national economy; c. Report of the provisional management verifying the company's viability.

"2. The total amount of financing is fixed at 25 billion drachmas.

"3. The ceiling for financing of each enterprise is determined with a proposal of the organization and approval of the consortium.

"4. The financing occurs with the interest rates in force each time.

"5. OAE participates in the activities with its own capital and appropriate securities.

"6. It is possible for the banks to use undisposed capital from the 15 percent bound for investments following approval of the Bank of Greece."

At the beginning of his announcements, Mr. Arsenis said that the credit policy applied by the government remains tight and, refuting with data the charges about an openhanded policy, he said:

1. The money supply in the 12 months which ended on 8 March ran at a yearly rate of 10 percent, versus 15 percent in 1983, 17 percent in 1982 and the exorbitantly high rate of 24 percent in 1981 under New Democracy. The PASOK government has proceeded gradually in decreasing the monetary circulation and these data are a silencing answer to recent inaccurate publications about laxity in the credit policy.

2. The monetary credit program provided for a 23-percent increase in private deposits, while provisional data show that this increase is 25.2 percent, versus 14 percent last year. Despite this, a revisal of the monetary credit program, with its further loosening, is not anticipated.

3. As concerns granting of credits by the commercial banks, they are moving at the rates which had been expected, but because of the increase in private deposits many banks are in a state of high liquidity.

9247

CSO: 3521/232



## ANALYSIS OF FARMER-OPPOSED COOPERATIVE BILL

Athens I KATHIMERINI in Greek 11 Apr 84 p 9

[Article by Kostas Dedes]

[Text] A parliamentary committee is discussing today the bill on agricultural cooperatives, the contents of which has caused protests by farmers and opened the way for dynamic mobilizations, particularly in Northern Greece. According to the government, on one hand, the bill "promotes the cooperative movement"; according to the official opposition, on the other, it "aims at the collectivization of farming" and the farmers' submission to this system. The government calls it "democratic" and the official opposition calls it "illiberal" and anti-democratic.

The opinions of the two great parties concerning the cooperative question are dictated by different "positionings" as regards the problems of the cooperatives. Thus, from a comparison of the bill--the PASOK government's--and of Law 921/79 (on cooperatives), which was enacted when ND held the government, important differences and disagreements emerge.

An essential--and probably the most significant--difference is located in Article 11. According to this article: a. Mandatory business is given to the cooperative. b. Produce will be delivered to the cooperative for marketing and processing. The conditions of this obligation are stipulated in the charter, and the manner of accomplishing it is decided by the cooperative's general assembly. c. The cooperative's special members--that is, owners of farmland who are not engaged personally and professionally in production (Article 8) are not entitled to be elected to the cooperative's organs.

This article leads to ND's assertion that the cooperative is becoming illiberal and anti-democratic. The bill also divides cooperative members into favored and non-favored members since special members have only obligations and simple members have the chance of being elected to the cooperative's organs. It should be pointed out that in Law 921 no such discriminations--consistent with Article 11--exist.

#### Cooperative Discouragement

There are significant differences between Article 16 in the present bill and Article 17 in Law 921, relating to the cooperative share (participation, right to vote, etc.).

As is set forth in Article 16: a. Every partner is entitled to have only one share (the law provides three). b. The amount of the cooperative share is fixed at 25,000 drachmas. For mountainous, semi-mountainous and island areas it can be decreased to 10,000 drachmas. (With Law 921, the cooperative share was fixed at 5,000 drachmas and for farmers in mountainous areas, 2,500 drachmas.) c. The cooperative share is untransferrable, indivisible and equal for all partners. (Law 921 provides that it can be transferred to a partner.)

We should remark as concerns this article that the sum of 25,000 drachmas to acquire a cooperative share is considered fairly high by the farmers and thus it discourages producers--despite government expectations and assertions--from enrolling in cooperatives.

The official opposition's assertion that the bill "aims at collectivization" is inspired by Article 20, according to which there will be "common use of the members' assets."

There are substantial differences as concerns the establishment of cooperative organizations. According to Article 5 of the bill, concerning formation, 50 farmers are required to compose and sign the charter, and in mountainous, semi-mountainous or island areas, 25 are required. (According to Law 921, 10 farmers must sign.)

With the bill, the activities of first-degree organizations will be restricted, in contrast to what is provided by Law 921. According to this law, "first-degree organizations have a wider area for and possibility of disposing of members' produce." Also, establishment of a second cooperative in the same community is not allowed, whereas in Law 921 it is, but the cooperation of at least 100 founding members is required.

At this point it is observed that the impossibility of founding a second cooperative in large communities, which in many cases are composed of three or more villages, limits the farmers' chances of joining a cooperative.

As concerns the supervision and control of cooperative organizations, the bill (Article 71) states that it is exercised by a Body of Cooperative Organization Controllers, not, as heretofore, by the specialized personnel of the Agricultural Bank of Greece who will be left "dangling" professionally.

The official opposition also criticizes Article 61 which concerns state support of agricultural cooperatives and according to which incentives and supports to cooperative organizations and companies are settled. The criticism is centered on the fact that the economic supports are restricted and specific, and, at the same time, put private enterprises in a disadvantageous position, and that the state exerts influence on the cooperative organizations.

Significant differences also center on articles relating to the amalgamation and adaptation of cooperative organizations' charters. ND specifically maintains that, with the adaptation of the charters of agricultural cooperatives and unions, "chaos" is being created, since cooperatives and unions are being dissolved, assets are being lost and a serious problem is being created with employees serving in the cooperatives.

## ND'S BOUTOS CRITICAL OF PASOK-CLAIMED ECONOMIC SUCCESS

Athens I KATHIMERINI in Greek 12 Apr 84 p 9

/Text/ Former minister of Coordination, Mr G. Boutos, is criticizing intensely the government claim that the economy is on its way to recovery. Mr Boutos associates the improvement in the economic condition of the country with the departure of PASOK from power. "I accuse the government of wasting all the opportunities it had in the economic sector and especially the minister of National Economy who is given to statistical alchemies that lessen the credibility of the government".

The full text of Mr G. Boutos' statements follows.

"The familiar serial of economic recovery produced by the minister of National Economy continued yesterday, 10 Apr 84, with his new announcements.

"This serial, however, has long lost the appeal it could have had because the minister has lost his credibility. It is the common conviction of persons and businesses that the economic recovery will appear on the horizon only after PASOK has departed from power. When Greece lost the opportunity to benefit in 1983 from a certain recovery of the economies of the West, it is improbable that it would have any prospects for the current year. The government wasted all the opportunities it had in this area too, just as it had in other sectors of government policy.

"Given to statistical alchemies that lessen the credibility of the government, the minister of National Economy claimed that the rate of inflation is progressing on an annual basis at a lower percentage than the predicted 18%. He must know, however, that his estimates are rubbish. Such clear cut conclusions for the annual inflationary rate cannot be reached from the observations of one month and especially the month of March 1983 in comparison with March 1984.

#### The Depreciation

The facts of March 1983 are not representative. First, they include the repercussions of the depreciation in January 1983 that was manifested with a two month delay in the price increases of March 1983. Furthermore, the cost of living index in March 1983 included the increases in the taxes of many public utility

organizations, while in March 1984 only the DEI Public Power Corporation taxes were reflected. The increases of the taxes of the other organizations, however, will be effected later in 1984. Besides, we had an extension of the February discounts for 10 days in March 1984 while the same kind of situation did not exist in March 1983.

The facts for March 1984, however, do not help at all in estimating the inflationary trend for the simple reason that this month coincides with the increased price control imposed by the government. With these measures, the government converted open inflation to creeping inflation that is not evident by the increase in prices, but with the familiar queues for coffee and the signs of the black market. Price controls do not comprise an anti-inflationary policy nor do they contribute toward a healthier market. To the contrary, they lead to the dislocation of a healthy market and prepare the ground for new inflationary eruptions when the compression of the prices is no longer possible. If the government does not want to fit from the examples of the friendly countries of the West, it should at least benefit from the Polish experience, in other words from the experience of a regime that is dear to the government.

Finally, it is worthwhile to remind the government that the European Communities Committee predicts an inflationary rate of 19.9% for 1984 in the socialist paradise of PASOK".

The Liberal party stated the following during yesterday's announcement:

"The evaluation of the minister of National Economy and Finance regarding the recovery of the economy would be pleasant if it reflected reality. Unfortunately, this is not true because the cost of living went up by 3.2% in March, unemployment is continuing its upward trend, exports are in a state of stagnation, the deficits in the public sector are growing, just as the shortage in the balance of payments is growing.

"In addition, the fickle economic policy has immobilized investments, has created an intense anti-developmental climate in the market and the last measures of the government for trade threaten to shut down hundreds of businesses.

The gloomy picture of the course of the economy is also reflected in the fact that in 1983 the percentage of bankruptcies, especially middle sized businesses, increased fourfold, according to facts in the files of the Ministry of National Economy.

Consequently, there is a need to change the economic policy by focusing on the strengthening of private economic initiative as well as the correct administration of public funds. And this has to be done soon, because the margins have become narrower and the danger of economic collapse is now visible".

## RETAILERS CONDEMN PRIVATE FIRMS' NATIONALIZATION

Athens I KATHIMERINI in Greek 13 Apr 84 p 9

/Text/ The effort of the Ministry of Trade to attach a party label on the fight for survival being conducted by the entire business community is considered to be unacceptable. This was emphasized in a unanimous vote by SELPE /Association of Retail Enterprises of Greece/ during its General Assembly on 11 April. This vote stressed SELPE's opposition to the recent measures taken by the minister of Trade as well as the decision to continue the effort to abolish them and to begin a substantial cooperation to find solutions acceptable to both.

The measures of the minister of Trade, Mr Vas. Kedikoglou, the statement continued, is the largest and most serious attack that private initiative has had to face in our country. SELPE promptly had a talk with Mr Kedikoglou and warned him that the few positive points of the measures that were presented as thoughts of the minister to the administration of the association were not enough to compensate for their tremendous disadvantages. SELPE emphasizes in its vote that with the new regime that is being imposed, without any substantial dialogue with the interested parties, they are being led to a stifling of the truly independent private economy in Greece.

The full text of the vote of the General Assembly of SELPE follows:

Today, 11 Apr 84, the General Assembly of SELPE unanimously voted to: First to reject as being without foundation and said in a state of emotion the claims of the minister of Trade that the complaints of the business world faced with the ruin being prepared for it have a partisan and political purpose. Second to declare its faith in the mechanisms of a free economy where the roles of the government and of private initiative are predetermined and where one sector does not create obstacles for the other. Third to emphasize its complete opposition to the measures of the minister of Trade, since all of their positive points are more than outbalanced by the creation of a government monopoly, the deterioration of private initiative and its demotion to a third role in the economy. Fourth to ask that the measures be withdrawn and initiate cooperation between the Ministry and the productive classes to find mutually acceptable solutions.



## PAPER WARNS AGAINST COUNTING ON CONTINUED DEVALUATION BENEFITS

Stockholm DAGENS NYHETER in Swedish 26 Apr 84 p 2

[Editorial by Nils-Eric Santesson: "Economic Stimulants"]

[Text] After an adequate dose of stimulants, the patient usually comes around for a while. All the same, even the minister of finance seems surprised by industry's reaction to the devaluation.

The figures in the revised national budget show that improvement is continuing: the GNP will rise by 2.8 percent this year, exports will be up by just over 7 percent, and in general, the current account will be in balance--compared to a previous "chronic" deficit of nearly 20 billion kronor. For the first time in 4 years, industrial investment will be up (by 15 percent in volume).

To a great extent, this is unquestionably one effect of the devaluation, and that is not so remarkable. If a country lowers the value of its currency by a full 16 percent and has the good luck to do so when the market is turning around, things have to go well.

And for that the government will certainly get a lot of praise in its own press.

Some people are forgetting perhaps that the effects of devaluation cannot be translated just like that into a net gain for the entire national economy. When the krona was depreciated in terms of other currencies, the export firms were able to lower their prices and still increase their profits. The boost to exports is to a large extent the result of lower relative prices. It means that we must export more to be able to buy the same amount of import goods. Although the effect is recorded as an improvement in the current account and as higher profits for the export firms, it means a net loss for the economy as a whole.

In effect, what the government has done through the devaluation is to redistribute resources from households to the export industry. It is a sort of reimbursement of the extremely high wages and taxes paid after 1974.

Do these new figures mark the start of a reversal of the trend in Sweden's economy? Or are they only a temporary fluctuation in a permanent and unfortunate trend line?



The turnaround in the current account is due partly to temporary factors. When the devaluation occurred, industry had large idle capacity and high inventories and could therefore increase its sales without increasing production (by reducing its inventories). It was also able to increase production without hiring new employees or making new investments. Since it could utilize idle capacity, productivity increased rapidly, and that in turn allowed room for further price reductions and/or higher profits.

That idle capacity will soon be completely utilized, and productivity will then increase more slowly. Higher production and exports will require investment, and that in turn will require the importation of capital goods. There was an extreme improvement in the trade balance in 1983-1984, but that was an exceptional effect.

Over the past 10 years we have experienced a tremendous shift in the structure of the Swedish economy. The public sector (in the broad sense) has commandeered the entire increase in production. And productivity in the public sector is low. None of its products are exported--so contrary to the general impression, it has a relatively high net imported content.

One way of measuring the public sector's importance in the economy is to compare the number of people employed in public sector production and insurance with the number of people in the private business sector. The ratio was 0.72 in 1970, 0.9 in 1975, and 1.15 in 1980, and it has risen further since then.

That is not a problem economically--provided that productivity and the added value rise correspondingly. But both factors have been showing a falling trend for a long time. Between 1974 and 1981, productivity rose by only 1.5 percent per year, while added value dropped by just over 1 percent.

Industrial investments, which are the basis of prosperity, have also fallen sharply: they are currently a good 40 percent below their 1972 level.

The result is that the industrial sector has become too small for consumption requirements. The fact that the big export firms are doing well is not enough.

If industry is to be revived, the politicians must recreate the incentives that lead people to start their own businesses, change jobs, and put their money into productive investments. This means that the effects of marginal tax rates must be reduced, obstacles to mobility in the labor and capital markets must be eliminated, and productive work must be made profitable for the individual.

From that standpoint, the revised budget does not point to any break in the trend. The underlying budget deficit is being reduced only by an insignificant amount. Public spending is being increased to get the labor market moving. The construction industry is being stimulated with government investments--as though the problem in the economy were due to too small a government sector. The logical thing instead would be to find other financing, from a source outside the budget, for investment in--for example--the transportation system.

A person who is unemployed will now be able to exchange his unemployment benefits for help in starting his own business. That is a constructive idea. But will it work as long as the government, through its taxes, is effectively preventing the establishment of new business enterprises?

## COLUMNIST ATTACKS EFFORTS TO SAVE GAS VENTURE 'AT ANY PRICE'

Copenhagen BERLINGSKE TIDENDE in Danish 7 May 84 p 9

[Commentary by 'Monitor']

[Text] The new agreements on the natural gas project are not based on any sense of economic profitability. The gas venture had to be rescued at any cost. And this will hardly be the end of the DONG affair in general and the natural gas project in particular.

A dramatic section of the DONG and natural gas project affair must now be assumed to have been concluded. As is well-known, the most recent developments began with the presentation--following several years of optimistic reports from the company as well as from the minister of energy--by the new board of DONG of revised calculations, according to which the project was undergoing a marketing crisis and would need a fresh influx of capital of nearly 7 billion kroner.

The government and the Social Democratic Party, subsequently, agreed to subsidize the natural gas project. Under the agreement, certain power stations will be converted to gas burning in addition to coal burning, and in 1985 and 1986, 500 million kroner and 385 million kroner, respectively, will be added to the capital stock of DONG. The funds will be made available to a subsidiary company, which will take over the gas activities from the parent company. During the years 1987-2005, at the beginning of each year, loans in the amount of 385 million kroner, free of servicing, will be granted. That figure will be reduced concurrently with improvements that may be brought about in the natural gas economy by the conversion to natural-gas firing of power stations. Finally, the heating planning will be expedited, and oil-burning district-heating plants and apartment building complexes located within natural gas areas will be converted to gas burning.

Agreements have also been made between DONG and Elsam and Elkraft [organizations for coordination of electric power in Jutland/Funen and Zealand, respectively] on natural gas burning in power stations. The plan is to convert five power plants, enabling them to burn not only coal and oil but also gas. Under the agreements, the power plants will purchase a maximum of 2.5 billion cubic meters of natural gas in the course of the years 1984-1991, which is equivalent to an estimated current value of approximately 2 billion kroner. The cost increases for consumers of electricity are estimated to

amount to 2 øre per kilowatthour. On the basis of the currently expected DUC [Danish Underground Consortium] prices for gas, gas prices are expected to range between 1.05 and 1.59 kroner per cubic meter, which is far above the comparable coal price. The very conversion of the five power plants is expected to cost upwards of 100 million kroner.

It is hard to find any sense from an economic as well as an energy policy point of view in the agreements which have been concluded. It is thus surprising that all of the problems associated with a reduction of sulphur dioxide emissions have not been taken into account in the agreement that has been concluded between the government and the Social Democratic Party, nor in the subsequent agreements with the power plants, although a reduction of sulphur dioxide emissions has been an argument that has been frequently used by DONG [Danish Oil and Natural Gas] and the minister of energy in support of their desire for conversion to natural gas burning in power plants.

However, it is an open question whether that argument has any validity at all. According to the report of the anti-sulphur dioxide emissions committee, the aim is to reduce sulphur dioxide emissions by approximately one third of the 1980 level by the year 2000. These calculations, however, have been based on a much higher rate of natural gas burning outside power plants than what is today considered realistic. When oil burning is not replaced by gas burning, everything else being equal, it will be a question of an increased sulphur dioxide emission, causing the requirements for power plants to reduce their sulphur dioxide emissions to become more stringent instead of relaxed for the purpose of attaining the objective of lowering the rate of sulphur dioxide emissions. If a 40 percent reduction in sulphur dioxide emissions is now required, the situation will become aggravated.

It is also remarkable that at the same time as power plants are to be converted to natural gas burning at a cost upwards of 100 million kroner, it has been decided to proceed as planned with the scheduled power plant expansion in the metropolitan area which will cost approximately 1 billion kroner. They might indeed have saved a large amount of investment costs by going over to natural gas burning in sections of the supply area. Such a thing might certainly have been carried through at a relative fast rate, whereas the conversion of existing power plants is estimated to take nearly 2 years.

At one point, there was a DONG proposal to the effect that the Danish Association of Power Stations would contribute a total of 600 million kroner by way of capital stock in the gas subsidiary company under DONG previously referred to, where they would have two seats on the board. That proposal, however, was dropped on account of opposition from regional natural gas companies which did not want power stations to participate. The Danish Association of Power Stations is probably relieved that it has escaped giving the natural gas project such an enormous additional economic support. Instead, the municipalities will probably have to make contributions. If so, one may wonder that a handful of presumptuous municipal natural gas people should be allowed to have such a decisive say on the terms and conditions of the municipal treasurer's departments.

As mentioned previously, the most recent dramatic phase of the DONG affair is now about to be concluded. The result will be new energy strains. Natural gas will replace far less costly coal. The gas, which, under no circumstances, was to be allowed to remain in the North Sea until the demand for it had been established, will, nevertheless, to a large extent, remain in the North Sea for a long period of time (but now at the expense of the power consumers and until the conversion of power plants may be carried through). The trades and industries will experience increases in their energy costs, which, for example, for an enterprise such as the Danish Steel Rolling Mill will be equivalent to approximately 10 million kroner on an annual basis.

These agreements have not been based on any sense of economic profitability. It is the work of empire builders. The gas empire was to be saved at any cost. Political prestige considerations have been given preferential treatment. This will hardly be the end of the DONG affair in general and the natural gas project in particular. This is apparently how things go when the state makes investments.

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## LAKES THROUGHOUT COUNTRY CONTAMINATED BY HEAVY METALS

Stockholm DAGENS NYHETER in Swedish 11 Apr 84 p 5

[Article by Sture Ryman]

[Text] Norrkoping, 10 Apr--A thousand tons of heavy metals and large quantities of sulphuric acid leach out each year from mining dump sites. Rain water in combination with the oxygen in the air frees zinc, copper, cadmium, lead and sulphuric acid. With the surface water these waste products run into the lakes which become acidified and die.

The county government board in East Gotland wrote to the government about this matter in 1977. Now environmental protection director Mats Olsson has written again.

"We are seriously concerned about the future," said Mats Olsson when he visited Bersbo's old copper mines outside Atvidaberg. Mining operations took place there from the Middle Ages until the end of the 19th century.

As a reminder of that period there are enormous mounds of rough rocky waste products from mining just as there are in Falun and Garpenberg. The dumps of these three mines release a total of 600 tons of zinc, 1 ton of cadmium and 35 tons of copper each year which run into nearby lakes. In Falun where mining began a thousand years ago, no reduction can be detected in the amount of material that is leaching out.

District geologist Ulf Qvarfort of Uppsala University was employed in the 1970's to try and save the lake system in southern East Gotland. In an interview with DAGENS NYHETER he said of Gruv Lake in Bersbo: "I would not call Gruv Lake a lake. One might say that it consists of diluted sulphuric acid."

#### Water Source

Each year 37 tons of heavy metals and 20 tons of sulphuric acid in diluted form run into this lake. The trash heaps lie right beside the lake.

The next lake in the water system is Risten and the Atvidaberg municipal district was considering using the lake as a source of water, but now it is



too late. The crayfish in the lake contain 20 times the amount of heavy metals found in crayfish in healthy lakes.

The runoff water containing the waste products goes via several smaller lakes to Yxningen Lake, which is earmarked for guaranteeing Valdemarsvik's water supply in the future.

"Yxningen is of national interest scientifically because of its natural resources," said Mats Olsson, "and it should not become acid. The lake is very deep and very unusual crustaceans, relics of glacial marine life, are found on the bottom."

City council director Bjorn Sodermark of the conservation agency can understand why Mats Olsson in East Gotland is concerned about the future.

"I am also worried. We are making both theoretical and practical efforts to save the environment for future generations."

"The Bersbo dump sites are an acute problem. As soon as we find a solution we must invest our resources there, since there is no longer anyone there with direct responsibility. Neither the municipality of Atvidaberg nor the barony of Adelsward, which owns the land and mined copper there in the past, wants to take any responsibility for the waste dumps.

#### Sand Storage

"In many places, both in central Sweden and in Norrland, there are abandoned mines where the piles of waste leach out and run off into the closest lake or river. The only waste dumps we feel we have control over are those that have modern sand storage pits and where mining is still being carried out.

"We have far-reaching ideas about how our rescue plans should look, but we are not yet ready to go to the government and ask for money. Around half a billion kronor will be involved and we want to be completely sure that we have found the right solution.

"One idea is to turn Bersbo into a research area which could demonstrate that our ideas are correct.

"Our idea is that the waste heaps must be covered with varying layers of sand and gravel. Personally I think we must have 2 or 3 meters of this material. That view is not shared by Boliden which feels a half meter would be adequate. But as soon as trees start growing on a moraine layer, they send their roots down into the soil and both rain water and air--the causes of the leaching problem--gain access.

#### Discouraging

"And where are we going to get all that material? In Aitik, Boliden has asked to increase its sand storage pit to 12 square kilometers from the



present 6 square kilometers. The modern mining industry has sand storage areas that total 11 square kilometers. Altogether these leach out around half the amount discharged by the waste dumps in Falun, Bersbo and Garpenberg.

"At times I get discouraged and cannot find any encouraging signs," said Bjorn Sodermark who compared Falun in the past with Aitik today.

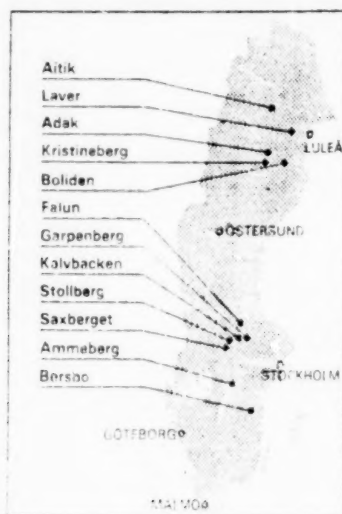
"In its 1000 years, Stora Kopparberg in Falun has produced 400,000 tons of copper and left behind 10 million tons of waste. In Aitik, Boliden is producing 35,000 tons of copper a year and as much waste as Falun produced in a thousand years--10 million tons in a single year. It is true that the waste resembles fine sand, but the quantities are large."

Good Will

District geologist Ulf Qvarfort said that in Bersbo the municipality could have prevented further acidification with a little good will and a few hundred thousand kronor.

"They could have dug deep ditches around all the waste dumps and collected all the runoff water in pools that would have been easy to lime. Then the water could have been run into Gruv Lake. But the municipality would not come up with the money."

Lars Nestor, chairman of the environmental protection and health agency in Atvidaberg, confirmed that the estimated cost of the project was 300,000 kronor. But he felt the state was responsible for salvaging Bersbo.



The map shows the largest mines in Sweden, most of them still in operation.

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